GOODYEAR

2021 ANNUAL REPORT

THE GOODYEAR TIRE & RUBBER COMPANY

Goodyear is one of the world's leading tire companies, with one of the most recognizable brand names. It develops, manufactures, markets and distributes tires for most applications and manufactures and markets rubber-related chemicals for various uses. The company also has established itself as a leader in providing services, tools, analytics and products for evolving modes of transportation, including electric vehicles, autonomous vehicles and fleets of shared and connected consumer vehicles. Goodyear was the first major tire manufacturer to offer direct-to-consumer tire sales online and offers a proprietary service and maintenance platform for fleets of shared passenger vehicles. Through its worldwide network of aligned dealers and wholesale distributors and its own retail outlets and commercial truck centers, Goodyear offers its products for sale to consumer and commercial customers, along with repair and other services. It is one of the world's largest operators of commercial truck service and tire retreading centers and offers a leading service and maintenance platform for commercial fleets. Goodyear is annually recognized as a top place to work and is guided by its corporate responsibility framework, Goodyear Better Future, which articulates the company's commitment to sustainability. Following the acquisition of Cooper Tire in 2021, the company manufactures its products in 57 facilities in 23 countries and has operations in most regions of the world. Its two Innovation Centers in Akron, Ohio, and Colmar-Berg, Luxembourg, strive to develop state-of-the-art products and services that set the technology and performance standard for the industry.

THE GOODYEAR TIRE & RUBBER COMPANY

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Akron, Ohio 44316-0001
www.goodyear.com

ON THE COVER

Top: In 2021, Goodyear launched the ElectricDrive GT, the first electric vehicle replacement tire in North America. An ultra-high performance, all-season tire, the ElectricDrive GT delivers long-lasting treadwear and a quiet ride for EV drivers and passengers.

Middle right: Cooper Tire became part of the Goodyear family when it was acquired in 2021. Cooper's portfolio of respected, popular brands – particularly in the consumer mid-tier, light truck and SUV segments – is a seamless complement to Goodyear's product lineup and provides a wider array of products across the value spectrum.

Middle left: Goodyear's Vector 4Seasons Gen-3 continued to earn awards and third-party recognition in Europe in 2021, winning the comprehensive Auto Bild all-season tire test. The respected German automotive publication also awarded Goodyear its Top Manufacturer of All-Season Tires award for the second consecutive year. With its innovative Snow Grip, Dry Handling and Aqua Control technologies, the tire delivers outstanding performance in all weather conditions.

Bottom: In an industry first, Goodyear's non-pneumatic ("airless") tire was combined with a wheel assembly to support autonomous vehicle transportation in a city setting with the Jacksonville (FL) Transportation Authority. The predictable travel patterns of urban transportation provide an ideal testing scenario for Goodyear's alternative tire architecture.

FINANCIAL OVERVIEW

(in millions, except per share and associates)	YEAR ENDED DEC. 31 2021	YEAR ENDED DEC. 31 2020
Net Sales	$ 17,478	$ 12,321
Gross Profit	$ 3,786	$ 1,984
Goodyear Net Income (Loss)	$ 764	$ (1,254)
– Per Diluted Share	$ 2.89	$ (5.35)
Weighted Average Shares Outstanding – Basic	261	234
– Diluted	264	234
Segment Operating Income (Loss)	$ 1,288	$ (14)
Segment Operating Margin	7.4%	(0.1%)
Gross Margin	21.7%	16.1%
Return on Sales	4.4%	(10.2%)
Capital Expenditures	$ 981	$ 647
Research and Development Expenditures	$ 496	$ 390
Tire Units Sold	169.3	126.0
Total Assets	$ 21,402	$ 16,506
Total Debt*	$ 7,397	$ 5,990
Goodyear Shareholders' Equity	$ 4,999	$ 3,078
Total Shareholders' Equity	$ 5,184	$ 3,259
Debt to Debt and Equity	58.8%	64.8%
Common Stock Dividends Paid	$ –	$ 37
Number of Associates	72,000	62,000
Price Range of Common Stock: – High	$ 24.89	$ 15.69
– Low	$ 10.02	$ 4.09

* Total debt includes Notes payable and overdrafts, Long term debt and finance leases due within one year, and Long term debt and finance leases.

CONTENTS

This Annual Report contains a number of forward-looking statements. For more information, please see page 31.

TO OUR SHAREHOLDERS

INTRODUCTION

In 2021, businesses around the world, including ours, continued to face the challenges of the COVID-19 pandemic. These challenges included disrupted supply chains, COVID-driven absenteeism in our facilities and dramatic cost increases late in the year. Amid these operational challenges, industry volumes recovered, driven by increases in vehicle miles traveled and distributors' need to replenish inventories, but remained below 2019 levels. Despite these challenges, we delivered results that surpassed pre-pandemic levels. This is a huge recovery from the prior year.

We also continued investing to keep us on a path to future success. In February 2021, we took an important strategic step to strengthen the breadth of our product portfolio and enhance our value proposition with the announced acquisition of Cooper Tire, the fifth-largest tire manufacturer in North America. Together, we are fundamentally stronger and better positioned to continue creating value for all stakeholders.

Also, we accelerated our momentum in other areas to help Goodyear remain the world's preferred tire brand. Our presence and influence in new mobility increased through the launch of innovative products and solutions and new partnerships. In addition, we strengthened Goodyear's commitment to sustainability with the continued incorporation of new materials that reduce the environmental impact of our operations while maintaining our industry-leading product performance.

These accomplishments are a testament to the dedication of our associates. On behalf of our leadership team and all Goodyear stakeholders, we offer our sincere thanks and appreciation to our associates for their continued commitment and relentless pursuit of excellence, positioning Goodyear for the future while delivering business results in the critical areas of share, cost and cash.

Together, we are guided by a refreshed Strategy Roadmap. Launched in late 2021, the Roadmap defines how we win, how we work and where we focus, with an even stronger emphasis on sustainability. These all come together as part of enabling mobility for the world today and in the future.

Richard J. Kramer
Goodyear Chairman, Chief Executive Officer & President

GOODYEAR AND COOPER

Cooper Tire joining the Goodyear family marked a transformational milestone for two great American tire manufacturers, both with strong reputations and rich histories in our shared home state of Ohio. The acquisition, which closed in June, makes Goodyear an even stronger U.S. leader in the global tire industry and better able to meet the needs of all consumers.

In addition to strengthening our leadership position in the U.S., the transaction nearly doubles our presence in China, a market with tremendous growth prospects. Here, we can expand the distribution of Cooper replacement tires by leveraging our network of 2,500 Goodyear branded retail stores. This example is just one of the many opportunities we believe we have to harness the power of Goodyear's global distribution network to create value for our customers and shareholders.

The combined company will also have a more comprehensive offering across the value spectrum. Cooper's portfolio of respected, popular brands – particularly among value-minded vehicle owners – is a seamless complement to Goodyear's premium product lineup. By offering more choices across the total portfolio, we can enhance our market position and grow faster, particularly in the highly profitable light truck and SUV product segments.

As we move forward, we will benefit from improved scale to support further significant investments in new mobility. Expanding our capabilities here will help Goodyear deliver future innovation to electric and autonomous vehicle manufacturers, emerging consumer fleets and other mobility platforms.

From the beginning of our integration of Cooper's business, we have been committed to a "best of both worlds" approach. In this spirit, the Goodyear and Cooper teams have worked closely since the close of the transaction in June to gain a deeper understanding of each other's businesses to find ways to operate more efficiently and better serve our customers.

While a complete integration will continue into 2023, we already have found many ways to blend strengths, increase agility and improve efficiency. With this momentum increasing our confidence in what we can achieve together, we expect to deliver $250 million of synergies, a 50% increase from our initial plan.

OUR PRODUCTS

While we continue to deliver outstanding products and industry-leading services to today's customers, we're also accelerating our growth in new mobility areas to meet tomorrow's needs. New products, services and innovation partners are expanding the breadth of solutions we offer to consumers and customers. At the same time, we are building new skills to strengthen our leadership position as transportation continues to evolve.

Last year, we outperformed in consumer OE, where our industry-leading technical capabilities give us a real advantage. A large part of our recent momentum in this area reflects our ability to meet the complex demands of electrification. Goodyear tires can handle the added stresses of increased vehicle weight, regenerative braking and higher torque while helping extend vehicle range through reduced rolling resistance. This technology leadership position is critical as electric mobility begins a period of dramatic growth. It has enabled us to secure a presence on nearly half of the electric vehicle platforms produced in Europe. As the adoption of EVs accelerates, we will have additional opportunities to differentiate ourselves as a technology leader.

We introduced the Goodyear ElectricDrive GT, our first EV replacement tire in North America. An ultra-high performance, all-season tire, the ElectricDrive GT delivers long-lasting treadwear and a quiet ride for EV drivers and passengers. With the continued growth in the EV segment, we recognized an opportunity to provide consumers with a tire designed for the unique needs of these vehicles.

Beyond EV products, the Vector 4Seasons Gen-3, Eagle F1 Asymmetric 5 and EfficientGrip 2 SUV were among the consumer products earning awards last year. While third-party recognition draws consumers to our brand, the distribution changes we made in Europe and the benefits of customers reopening their businesses also contributed to our strong performance in EMEA and the Americas in 2021.

We've designed our suite of products and fleet services to capitalize on these growing trends. To bolster our offering, we launched the FuelMax Endurance in Europe, our most versatile and fuel-efficient commercial tire yet. We also added DrivePoint to our Total Mobility offering. DrivePoint is an easy-to-use tool, enabling optimal tire maintenance and improved tire longevity and fuel efficiency. Our fleet solutions business will afford us a significant competitive advantage in the years ahead.

OUR SERVICES

Among the service breakthroughs in 2021 was the launch of Goodyear SightLine, a suite of technologies that uses sensors with cloud-based algorithms to help identify and address problems before they become visible, detecting conditions in real-time. SightLine, initially available in North America and Europe, became the first tire intelligence solution for cargo van fleets.

At the 2020 Consumer Electronics Show, we announced our vehicle servicing marketplace platform, AndGo by Goodyear. AndGo connects mobility companies with qualified service providers such as our national network of technicians to facilitate service work such as tire maintenance, oil changes, cleaning, and sanitizing. Last year, we experienced five-fold growth in vehicle maintenance jobs, highlighting the relevance of fleet vehicle maintenance from our trusted brand.

NEW MOBILITY PARTNERSHIPS

Goodyear SightLine provided the impetus for a partnership with Gatik, the first autonomous middle-mile logistics service provider in North America. The collaboration's goal is to advance the development of mobility solutions for the autonomous business-to-business (B2B) short-haul logistics industry. Gatik's medium-duty fleet will use tires equipped with tire intelligence technology powered by Goodyear SightLine to contribute safer, more sustainable goods movement while reducing costs for Gatik's customers.

We also began partnering with AmpUp, an EV-charging technology leader. AmpUp supports the EV driving community through its advanced charging network and software solutions. In addition, we also have the opportunity to bring charging solutions to our fleet customers who are considering electrification. Moreover, an investment made through Goodyear Ventures, our venture capital fund, gives us the chance to participate in AmpUp's journey.

Other new strategic relationships begun in the U.S. over the past year include Plus, a global provider of self-driving truck technology. Goodyear will provide connected "intelligent" tires and optimized, autonomous trucking solutions that drive the transformation of the logistics industry. Also, we began piloting select tire monitoring solutions with Voyomotive, a connected car technology company.

In an industry first, Goodyear developed a non-pneumatic tire and wheel assembly to support autonomous vehicle transportation in a city setting with the Jacksonville (Florida) Transportation Authority. Our airless tire was also adopted by Starship Technologies, a global provider of autonomous delivery services, which operates a network of self-driving delivery robots that can carry and deliver packages, groceries and food within a four-mile radius.

In Europe, we partnered with automotive leader ZF to integrate our fleet and tire management solutions and simplify operations through a customizable telematics-based offering. Also, Goodyear began collaborating with Dutch research organization TNO on a demonstration vehicle that will test the interface of our connected tires with a vehicle's anti-lock brake system. We believe Goodyear's intelligent tires will play an integral role in making mobility safer. By working with like-minded partners, we can accelerate our capabilities.

SUSTAINABILITY

Over the past decade, both the definition and importance of sustainability has changed significantly. In response, Goodyear developed more fuel-efficient products, reduced energy usage in our factories, and eliminated waste to landfills. Also, we discovered ways to use more sustainable raw materials, such as soybean oil and rice husk ash silica, that deliver similar or better product performance while reducing our environmental impacts.

While our track record is clear, our work is just beginning. As an industry leader, Goodyear is committed to implementing transformative changes that will help protect our planet for future generations. In this spirit, we recently announced a goal to achieve net-zero greenhouse gas (GHG) emissions by 2050, with minimal reliance on offsets. In support of this ambition, we established new intermediate-term emission-reduction targets that are aligned with Science-Based Targets initiative (SBTi) standards.

To help us achieve our long-term sustainability goals, we have several supporting initiatives underway. For example, we announced a plan to procure 100% renewable energy in most of our facilities across Europe and Turkey by year-end. We're also working with third-party experts and developers to help us achieve our sustainable material goals, including Monolith, with whom we'll collaborate to develop carbon black produced from methane and biomethane that is suitable for tires.

The focus on more environmentally friendly raw materials is paying off. In fact, in January, our scientists and engineers constructed a demonstration tire with 70 percent sustainable-material content out of thirteen featured ingredients, including technical grade polyester sourced from recycled plastic bottles. With this success, we are on track to reach our goal of a 100% sustainable-material and maintenance-free tire by 2030 and complete petroleum oil replacement in our products by 2040.

REFLECTIONS

As we move closer to Goodyear's 125th anniversary in 2023, I often try to imagine the mindset of our founders. They, too, faced a rapidly changing world of mobility. Their future was filled equally with unforeseen challenges and unimaginable possibilities. In every sense, the Goodyear of our founders was a start-up.

I can confidently say that Goodyear still possesses the same energy and optimism reflected in our origins. A vision of "what's possible" sustains us today and fuels our enthusiasm for the future. This vision drives us to deliver the best products and services for customers and consumers while aggressively pushing our technology and creativity to develop tomorrow's mobility solutions.

In a global tire industry where change is likely to be the only constant, we are confident that the unique combination of our brand value, technology, innovation, and dedicated associates will ensure we maintain our leadership position.

We look forward to embracing the challenges and opportunities ahead, and we greatly appreciate the continued confidence of our shareholders as we move forward.

Respectfully submitted,

RICHARD J. KRAMER
Chairman, Chief Executive Officer & President

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

The Goodyear Tire & Rubber Company is one of the world's leading manufacturers of tires, with one of the most recognizable brand names in the world and operations in most regions of the world. We have a broad global footprint with 57 manufacturing facilities in 23 countries, including the United States. We operate our business through three operating segments representing our regional tire businesses: Americas; Europe, Middle East and Africa; and Asia Pacific.

This management's discussion and analysis provides comparisons of material changes in the consolidated financial statements for the years ended December 31, 2021 and 2020. For a comparison of the years ended December 31, 2020 and 2019, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations included in our annual report on Form 10-K for the year ended December 31, 2020.

Cooper Tire Acquisition

On June 7, 2021, we completed our acquisition of Cooper Tire pursuant to the terms of the Agreement and Plan of Merger, dated February 22, 2021 (the "Merger Agreement"), by and among Goodyear, Vulcan Merger Sub Inc., a direct, wholly owned subsidiary of Goodyear ("Merger Sub"), and Cooper Tire. Goodyear acquired Cooper Tire by way of the merger of Merger Sub with and into Cooper Tire (the "Merger"), with Cooper Tire surviving the Merger as a wholly owned subsidiary of Goodyear. In accordance with the terms of the Merger Agreement, upon closing of the transaction, Cooper Tire stockholders received $41.75 per share in cash and a fixed exchange ratio of 0.907 shares of Goodyear common stock per share of Cooper Tire common stock (the "Merger Consideration"). The cash component of the Merger Consideration totaled $2,155 million and the stockholders of Cooper Tire received 46.1 million shares of Goodyear common stock valued at $942 million, based on the closing market price of Goodyear common stock on the last trading day prior to the Closing Date. For further information, refer to Note to the Consolidated Financial Statements No. 2, Cooper Tire Acquisition.

The descriptions of, and references to, the Merger Agreement included in this Annual Report are qualified in their entirety by the full text of the Merger Agreement, which is attached as Exhibit 2.1 to our Current Report on Form 8-K filed on February 25, 2021.

On May 18, 2021, we issued $850 million in aggregate principal amount of 5% senior notes due 2029 and $600 million in aggregate principal amount of 5.25% senior notes due July 2031. The net proceeds from these notes, together with cash and cash equivalents and borrowings under our first lien revolving credit facility, were used to fund the cash component of the Merger Consideration and related transaction costs.

On June 7, 2021, we amended and restated our $2.0 billion first lien revolving credit facility. Changes to the facility include extending the maturity to June 8, 2026 and increasing the amount of the facility to $2.75 billion. The interest rate for loans under the facility decreased by 50 basis points to LIBOR plus 125 basis points.

The results of Cooper Tire's operations have been included in our consolidated financial statements since the Closing Date.

Transaction and other costs related to the acquisition of Cooper Tire totaled $56 million during the year ended December 31, 2021, of which $50 million ($42 million after-tax and minority) of these costs were included in Other (Income) Expense and $6 million ($4 million after-tax and minority) were included in Cost of Goods Sold ("CGS") and Selling, General and Administrative Expense ("SAG").

The Merger Consideration was allocated on a provisional basis to the estimated fair value of the assets acquired and liabilities assumed from Cooper Tire as of the Closing Date. Certain of these fair value estimates, including those related to Property, Plant and Equipment, certain liabilities and Goodwill, are preliminary and subject to change as management completes further analyses and studies. For further information, refer to Note to the Consolidated Financial Statements No. 2, Cooper Tire Acquisition, and "Critical Accounting Policies".

Results of Operations

During 2021, our operating results significantly improved compared to 2020, as the overall negative impacts of the COVID-19 pandemic on tire industry demand, auto production, miles driven and our tire volume moderated and continued to improve, compared to the severe global economic disruption experienced throughout much of 2020, particularly in the first half of the year.

Nonetheless, our 2021 results continued to be negatively influenced by the direct and indirect macroeconomic effects of the ongoing pandemic. Our global businesses are experiencing varying stages of recovery, as national and local efforts in many countries to contain the spread of COVID-19, including renewed stay-at-home orders, continue to impact economic conditions. Increased demand for consumer products and supply chain disruptions as a result of the pandemic and other

global events, including port congestion and container shortages, has led to inflationary cost pressures, including higher costs for certain raw materials, higher transportation costs and higher energy costs, as well as shortages of certain automobile parts, such as semiconductors, which have affected OE manufacturers' ability to produce consumer and commercial vehicles consistently.

Most of our global tire manufacturing facilities are operating at or near full capacity to meet current demand, as well as to increase the level of our finished goods inventory as we continue to restock in order to fulfill anticipated near-term demand. However, like many companies, we are experiencing shortages of qualified and reliable workers, particularly in the U.S. Absenteeism, a tight labor supply and elevated turnover are resulting in manufacturing inefficiencies, increased training costs and higher wages. To address this issue, we have accelerated hiring, increased training capacity and started to adjust future investment plans to consider not just the cost, but also the availability of qualified workers. Our decisions to change production levels in the future will be based on an evaluation of market demand signals and inventory and supply levels, as well as the availability of sufficient qualified labor and our ability to continue to safeguard the health of our associates.

We continue to monitor the pandemic on a local basis, taking actions to protect the health and wellbeing of our associates, customers and communities, which remain our top priority. We also continue to follow guidance from the Centers for Disease Control and Prevention, which include preventative measures at our facilities as appropriate, including limiting visitor access and business travel, remote and hybrid working, masking and social distancing practices, and frequent disinfection.

In addition, during the first quarter of 2021, a severe winter storm in the U.S. caused temporary shutdowns of three of our chemical facilities, limited production at three tire manufacturing facilities, and impacted more than 170 consumer and commercial retail locations. We estimate that the negative impact on our 2021 earnings, primarily in Americas, was approximately $54 million ($44 million after-tax and minority).

Our results for 2021 include a 34.3% increase in tire unit shipments compared to 2020, reflecting the addition of Cooper Tire's operations, as well as the pandemic-related recovery noted above. Year-over-year cost savings, including the impact of temporary fixed cost reductions in 2020, were $49 million, compared to inflationary cost pressures of $209 million during 2021.

Net sales were $17,478 million in 2021, compared to $12,321 million in 2020. Net sales increased in 2021 primarily due to the addition of Cooper Tire's net sales of $2,126 million, higher global tire volume, improvements in price and product mix, higher sales in other tire-related businesses, driven by increased third-party chemical, retail and retread sales in Americas and increased Fleet Solutions sales in EMEA, and favorable foreign currency translation, primarily in EMEA and Asia Pacific.

Goodyear net income in 2021 was $764 million, or $2.89 per share, compared to a net loss of $1,254 million, or $5.35 per share, in 2020. The favorable change in Goodyear net income (loss) was primarily due to higher segment operating income, lower income tax expense, a decrease in goodwill and other asset impairment charges and lower rationalization expense, partially offset by higher interest expense. Lower income tax expense was primarily attributable to the reduction in 2021 of valuation allowances totaling $325 million on certain U.S. deferred tax assets for foreign tax credits that were established in 2020, partially offset by the impact of higher pre-tax income in 2021.

Our total segment operating income for 2021 was $1,288 million, compared to an operating loss of $14 million in 2020. The $1,302 million favorable change was primarily due to global improvements in price and product mix of $1,010 million, higher global tire volume of $367 million, lower conversion costs of $320 million, primarily due to favorable overhead absorption as a result of higher global factory utilization, and the addition of Cooper Tire's operating income of $181 million. These improvements in segment operating income were partially offset by higher raw material costs of $484 million and higher SAG of $172 million. Refer to "Results of Operations — Segment Information" for additional information.

Liquidity

At December 31, 2021, we had $1,088 million of Cash and Cash Equivalents as well as $4,345 million of unused availability under our various credit agreements, compared to $1,539 million and $3,881 million, respectively, at December 31, 2020. The decrease in cash and cash equivalents of $451 million was primarily due to payment of the $1,856 million cash component of the Merger Consideration, net of cash and restricted cash acquired, and capital expenditures of $981 million, partially offset by net borrowings of $1,406 million, which includes $1,450 million of new senior notes used to fund the Cooper Tire acquisition and repayment of our $400 million second lien term loan facility due 2025, and cash flows provided by operating activities of $1,062 million. Cash provided by operating activities reflects net income for the year of $780 million, which includes a non-cash tax benefit of $325 million related to the reduction of valuation allowances on certain U.S. deferred tax assets for foreign tax credits, non-cash charges for depreciation and amortization of $883 million, an inventory fair value step-up adjustment of $110 million related to the Cooper Tire acquisition and rationalization charges of $93 million, partially offset by cash used for working capital of $359 million and rationalization payments of $197 million. Refer to "Liquidity and Capital Resources" for additional information.

Outlook

While the global economy continues to recover from the COVID-19 pandemic, we face uncertainty in several countries as governmental measures to slow the pandemic have the potential to reduce economic activity and mobility. OE manufacturers also continue to be affected by shortages of components and materials, which are limiting vehicle production. Additionally, our ability to ship products, including to locations where we do not have manufacturing as well as from certain Cooper Tire consumer and commercial manufacturing locations, may continue to be impacted by ongoing disruptions in global logistics. In spite of these challenges, we expect our volume in the first quarter of 2022 to be above the prior year's level, including the impact of Cooper Tire which sold 8.7 million units in the first quarter of 2021.

For the first half of 2022, we expect our raw material costs to increase $700 million to $800 million, including the benefit of raw material cost saving measures. This expectation excludes raw material cost increases related to Cooper Tire. Natural and synthetic rubber prices and other commodity prices historically have been volatile, and this estimate could change significantly based on future cost fluctuations and changes in foreign exchange rates. In addition, our raw material costs reflect the impacts of wage, energy and transportation inflation impacting our suppliers. We continue to focus on opportunities to further improve price and product mix, to substitute lower cost materials where possible, to work to identify additional substitution opportunities, to reduce the amount of material required in each tire, and to pursue alternative raw materials to minimize the impact of higher costs. However, we are also balancing these priorities with the goal of increasing certainty of our supply. In the first half of 2022, we expect the benefits of price and product mix will continue to exceed the impact of higher raw material costs.

In addition to the impact of higher raw material costs, we expect to experience continued inflationary pressures from incremental transportation, labor and energy costs in 2022, as well as increased manufacturing costs related to elevated associate turnover in 2021 resulting in the need to train newly hired staff. As a result, we anticipate the need to find additional opportunities to improve price and product mix to manage the impact of these additional cost pressures. The combined impact of these higher costs is expected to negatively impact our first quarter 2022 when compared to the fourth quarter 2021.

During 2022, we expect to reinvest approximately $300 million in working capital as we continue to build our inventory levels to meet customer demand and support service levels. We expect our capital expenditures to be between $1.3 billion and $1.4 billion. Beyond expenditures required to sustain our facilities, capital expenditures in 2022 will increase capacity to address supply constraints and address growing demand, including for more complex tire designs. We expect our cash flows from operating activities less capital expenditures to be breakeven in 2022.

Our results in 2022 will also be impacted by approximately $40 million of amortization of intangible assets related to the Cooper Tire acquisition.

Refer to "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2021, for a discussion of the factors that may impact our business, results of operations, financial condition or liquidity and "Forward-Looking Information — Safe Harbor Statement" in this Annual Report for a discussion of our use of forward-looking statements.

RESULTS OF OPERATIONS — CONSOLIDATED

All per share amounts are diluted and refer to Goodyear net income (loss).

Goodyear net income in 2021 was $764 million, or $2.89 per share, compared to a net loss of $1,254 million, or $5.35 per share, in 2020. The favorable change in Goodyear net income (loss) was primarily due to higher segment operating income, lower income tax expense, a decrease in goodwill and other asset impairment charges and lower rationalization expense, partially offset by higher interest expense. Lower income tax expense was primarily attributable to the reduction in 2021 of valuation allowances totaling $325 million on certain U.S. deferred tax assets for foreign tax credits that were established in 2020, partially offset by the impact of higher pre-tax income in 2021.

Net Sales

Net sales in 2021 of $17,478 million increased $5,157 million, or 41.9%, compared to $12,321 million in 2020, primarily due to the addition of Cooper Tire's net sales of $2,126 million, higher global tire volume of $1,699 million, improvements in price and product mix of $715 million, higher sales in other tire-related businesses of $486 million, driven by increased third-party chemical, retail and retread sales in Americas and increased Fleet Solutions sales in EMEA, and favorable foreign currency translation of $164 million, primarily in EMEA and Asia Pacific. Goodyear worldwide tire unit net sales were $14,917 million and $10,339 million in 2021 and 2020, respectively. Consumer and commercial net sales were $11,118 million and $3,702 million in 2021, respectively. Consumer and commercial net sales were $7,190 million and $2,636 million in 2020, respectively.

The following table presents our tire unit sales for the periods indicated:

	Year Ended December 31,		
(In millions of tires)	**2021**	**2020**	**% Change**
Replacement Units			
United States	55.3	31.4	76.1%
International	78.8	63.6	23.9%
Total	**134.1**	**95.0**	41.2%
OE Units			
United States	9.6	9.3	3.2%
International	25.6	21.7	18.0%
Total	**35.2**	**31.0**	13.2%
Goodyear worldwide tire units	**169.3**	**126.0**	34.3%

The increase in worldwide tire unit sales of 43.3 million units, or 34.3%, compared to 2020, included an increase of 39.1 million replacement tire units, or 41.2%, primarily due to the addition of Cooper Tire's units and continued recovery from the macroeconomic impacts of the COVID-19 pandemic. OE tire units increased by 4.2 million units, or 13.2%, primarily due to the addition of Cooper Tire's units and higher vehicle production globally compared to 2020, despite more recent supply chain disruptions and shortages that negatively impacted vehicle production in 2021. Consumer and commercial unit sales in 2021 were 154.2 million and 13.1 million, respectively. Consumer and commercial unit sales in 2020 were 113.8 million and 10.6 million, respectively.

Cost of Goods Sold

CGS was $13,692 million in 2021, increasing $3,355 million, or 32.5%, from $10,337 million in 2020. CGS was 78.3% of sales in 2021 compared to 83.9% of sales in 2020. CGS in 2021 increased primarily due to the addition of Cooper Tire's CGS of $1,732 million, which includes $110 million ($82 million after-tax and minority) of amortization related to a fair value step-up adjustment to the Closing Date inventory that was acquired by Goodyear, higher global tire volume of $1,332 million, higher raw material costs of $484 million, higher costs in other tire-related businesses of $367 million, driven by higher third-party chemical sales in Americas, foreign currency translation of $119 million, primarily in EMEA and Asia Pacific, and higher transportation costs of $62 million, primarily in Americas and EMEA. These increases were partially offset by lower conversion costs of $320 million, primarily due to favorable overhead absorption as a result of higher global factory utilization and savings from rationalization plans, lower costs related to product mix of $295 million, primarily in Americas, a favorable indirect tax ruling in Brazil of $69 million, of which $66 million ($43 million after-tax and minority) related to prior years, and $26 million of pandemic-related work in process inventory write-offs in 2020, primarily in Americas and EMEA.

CGS in 2021 included pension expense of $21 million compared to $16 million in 2020. CGS in 2021 also included a favorable adjustment of $20 million ($15 million after-tax and minority) due to a reduction in certain U.S. duty rates on various commercial tires from China imported into the U.S. during 2019. CGS in 2020 included accelerated depreciation of $105 million ($81 million after-tax and minority), primarily related to the permanent closure of our Gadsden, Alabama tire manufacturing facility ("Gadsden"). CGS in 2020 also included an unfavorable indirect tax settlement in Mexico of

$6 million ($5 million after-tax and minority). CGS in 2021 included incremental savings from rationalization plans of $63 million compared to $107 million in 2020.

Selling, Administrative and General Expense

SAG was $2,699 million in 2021, increasing $507 million, or 23.1%, from $2,192 million in 2020. SAG was 15.4% of sales in 2021 compared to 17.8% of sales in 2020. SAG increased primarily due to the addition of Cooper Tire's SAG of $239 million, higher wages and benefits of $132 million, including higher incentive compensation, and higher advertising expense of $22 million, both reflecting pandemic-related actions taken in 2020, and foreign currency translation of $43 million, primarily in EMEA and Asia Pacific. The remainder of the increase in 2021 was driven by inflationary cost pressures. SAG in 2021 and 2020 included pension expense of $18 million for each period. SAG in 2021 and 2020 also included incremental savings from rationalization plans of $9 million and $6 million, respectively.

Goodwill and Other Asset Impairments

Our annual impairment analysis for 2021, including the acquisition of Cooper Tire, indicated no impairment of goodwill or intangible assets with indefinite lives. In 2020, we recorded non-cash impairment charges of $182 million ($178 million after-tax and minority) related to goodwill of our EMEA reporting unit and $148 million ($113 million after-tax and minority) related to our investment in TireHub.

Rationalizations

We recorded net rationalization charges of $93 million ($82 million after-tax and minority) in 2021. Net rationalization charges include $38 million in Americas, primarily related to the permanent closure of Gadsden, $29 million related to a plan to reduce SAG headcount in EMEA and $26 million related to the plan to modernize two of our manufacturing facilities in Germany.

We recorded net rationalization charges of $159 million ($127 million after-tax and minority) in 2020. Net rationalization charges include $94 million in Americas, primarily related to the permanent closure of Gadsden, and $59 million in EMEA, primarily related to additional termination benefits for associates at the closed Amiens, France manufacturing facility.

Upon completion of new plans initiated in 2021, we estimate that annual segment operating income (primarily SAG) will improve by approximately $12 million. The savings realized in 2021 from rationalization plans totaled $72 million ($63 million CGS and $9 million SAG).

For further information, refer to the Note to the Consolidated Financial Statements No. 4, Costs Associated with Rationalization Programs.

Interest Expense

Interest expense was $387 million in 2021, increasing $63 million from $324 million in 2020. The increase was primarily due to a higher average interest rate of 5.33% in 2021 compared to 4.99% in 2020 and a higher average debt balance of $7,267 million in 2021 compared to $6,495 million in 2020. Interest expense in 2021 includes a $6 million ($5 million after-tax and minority) charge to write off deferred financing fees primarily related to the redemption of our $1.0 billion 5.125% senior notes due 2023.

Other (Income) Expense

Other (Income) Expense was $94 million and $119 million of expense in 2021 and 2020, respectively. The $25 million decrease was primarily due to interest income of $48 million ($44 million after-tax and minority) related to a favorable indirect tax ruling in Brazil, net gains on asset and other sales in 2021 of $12 million ($8 million after-tax and minority), primarily related to the sale of land in Hanau, Germany, compared to a $2 million ($2 million after-tax and minority) loss on asset sales in 2020, and a favorable insurance settlement of $10 million ($8 million after-tax and minority) in 2021. These decreases were partially offset by charges of $50 million for transaction and other costs related to the acquisition of Cooper Tire.

Non-service related pension and other postretirement benefits expense of $92 million in 2021 includes pension settlement charges of $43 million ($32 million after-tax and minority). Non-service related pension and other postretirement benefits expense of $110 million in 2020 includes net pension settlement and curtailment charges of $18 million ($14 million after-tax and minority).

Other (Income) Expense in 2021 also includes an out of period adjustment of $7 million ($7 million after-tax and minority) of expense related to foreign currency exchange in Americas. Other (Income) Expense in 2020 also includes a charge of $3 million ($2 million after-tax and minority) for non-asbestos legal claims related to discontinued products.

For further information, refer to the Note to the Consolidated Financial Statements No. 6, Other (Income) Expense.

Income Taxes

Income tax benefit in 2021 was $267 million on income before income taxes of $513 million. In 2021, income tax benefit includes net discrete benefits totaling $409 million ($409 million after minority interest), including a reduction in our valuation allowances of $340 million for certain U.S. deferred tax assets for foreign tax credits and state tax loss carryforwards, a $39 million benefit to adjust our deferred tax assets in England for a second quarter enacted change in the tax rate, a $21 million benefit to reflect an increase in our estimated state tax rate used in calculating our U.S. net deferred tax assets as a result of a change in the overall mix of our earnings by state after including the impact of the acquisition of Cooper Tire, an $8 million benefit related to a favorable court ruling in Brazil, and a net benefit of $1 million for various other items.

Income tax expense in 2020 was $110 million on a loss before income taxes of $1,140 million. In 2020, income tax expense was unfavorably impacted by net discrete tax expense totaling $305 million ($305 million after minority interest), including the establishment of a $295 million valuation allowance on certain deferred tax assets for foreign tax credits during the first quarter of 2020. Discrete tax expense also includes a net charge of $10 million, including a $15 million charge related to a U.S. valuation allowance for state tax loss carryforwards, a $13 million benefit to adjust our deferred tax assets in England for a third quarter enacted change in the tax rate, and various other net charges totaling $8 million.

At both December 31, 2021 and 2020, we had approximately $1.2 billion of U.S. federal, state and local net deferred tax assets, net of valuation allowances totaling $26 million in 2021, primarily for state tax loss carryforwards with limited lives, and $368 million in 2020, primarily for foreign tax credits with limited lives. The increase in our U.S. net deferred tax assets as a result of the reduction in valuation allowances during 2021 was largely offset by the establishment of deferred tax liabilities related to the Cooper Tire acquisition. In the U.S., we have a cumulative loss for the three-year period ending December 31, 2021. However, as the three-year cumulative loss in the U.S. is driven by business disruptions created by the COVID-19 pandemic, primarily in 2020, and only include the favorable impact of the Cooper Tire acquisition since the Closing Date, we also considered other objectively verifiable information in assessing our ability to utilize our net deferred tax assets, including recent favorable recovery trends in the tire industry and our tire volume as well as expected continued improvement. In addition, the Cooper Tire acquisition has generated significant incremental domestic earnings since the Closing Date and provides opportunities for cost and other operating synergies to further improve our U.S. profitability.

At December 31, 2021, our U.S. net deferred tax assets include approximately $339 million of foreign tax credits with limited lives, net of valuation allowances of $3 million. At December 31, 2020, our U.S. net deferred tax assets include $133 million of foreign tax credits with limited lives, net of valuation allowances of $328 million. Our earnings and forecasts of future profitability, taking into consideration recent trends, along with three significant sources of foreign income provide us sufficient positive evidence that we will be able to utilize our foreign tax credits that expire through 2030. Our sources of foreign income are (1) 100% of our domestic profitability can be re-characterized as foreign source income under current U.S. tax law to the extent domestic losses have offset foreign source income in prior years, (2) annual net foreign source income, exclusive of dividends, primarily from royalties, and (3) tax planning strategies, including capitalizing research and development costs, accelerating income on cross border transactions, including sales of inventory or raw materials to our subsidiaries, and reducing U.S. interest expense by, for example, reducing intercompany loans through repatriating current year earnings of foreign subsidiaries, all of which would increase our domestic profitability.

During the fourth quarter of 2021, we completed an intercompany sale of certain intellectual property. As a result of this transaction, U.S. taxable income for 2021 includes approximately $1.5 billion of accelerated income. External specialists assisted management with this transaction. The federal tax charge of $315 million related to this accelerated income was fully offset by the utilization of existing deferred tax assets, including $205 million related to tax loss carryforwards, which were primarily generated in 2020 as a result of a significant tax loss in the U.S. driven by the macroeconomic impacts of the COVID-19 pandemic, and $110 million of foreign tax credits.

Tax loss carryforwards must be utilized prior to foreign tax credits and other tax assets for tax purposes. Considering the magnitude of tax loss carryforwards that were utilized by this transaction, together with our earnings and other sources of income described above, we concluded that it is more likely than not that we will be able to utilize, prior to their expiration, certain U.S. tax assets. Accordingly, during the fourth quarter of 2021, we reduced U.S. valuation allowances by $325 million related to foreign tax credits and $15 million related to state tax loss carryforwards.

We consider our current forecasts of future profitability in assessing our ability to realize our deferred tax assets, including our foreign tax credits. As noted above, these forecasts include the impact of recent trends, including various macroeconomic factors such as the impact of the COVID-19 pandemic, on our profitability, as well as the impact of tax planning strategies. Macroeconomic factors, including the impact of the COVID-19 pandemic, possess a high degree of volatility and can significantly impact our profitability. As such, there is a risk that future earnings will not be sufficient to fully utilize our U.S. net deferred tax assets, including our foreign tax credits. However, we believe our forecasts of future profitability along with the three significant sources of foreign income described above provide us sufficient positive, objectively verifiable evidence

to conclude that it is more likely than not that, at December 31, 2021, our U.S. net deferred tax assets, including our foreign tax credits, net of valuation allowances, will be fully utilized.

At both December 31, 2021 and 2020, we also had approximately $1.3 billion of foreign net deferred tax assets, and valuation allowances of $1.0 billion and $1.1 billion, respectively. Our losses in various foreign taxing jurisdictions in recent periods represented sufficient negative evidence to require us to maintain a full valuation allowance against certain of these net foreign deferred tax assets. Most notably, in Luxembourg, we maintain a valuation allowance of approximately $885 million on all of our net deferred tax assets. Each reporting period, we assess available positive and negative evidence and estimate if sufficient future taxable income will be generated to utilize these existing deferred tax assets. We do not believe that sufficient positive evidence required to release valuation allowances having a significant impact on our financial position or results of operations will exist within the next twelve months.

For further information regarding income taxes and the realizability of our deferred tax assets, including our foreign tax credits, refer to "Critical Accounting Policies" and Note to the Consolidated Financial Statements No. 7, Income Taxes.

Minority Shareholders' Net Income

Minority shareholders' net income was $16 million in 2021, compared to $4 million in 2020. The increase in 2021 was primarily related to minority shareholders' interests in EMEA, driven by the recovery from the COVID-19 pandemic, as well as the addition of Cooper Tire's minority shareholders' interest in Asia. Minority shareholders' net income in 2021 includes $3 million ($3 million after-tax) related to a settlement with a minority interest in Turkey.

RESULTS OF OPERATIONS — SEGMENT INFORMATION

Segment information reflects our strategic business units ("SBUs"), which are organized to meet customer requirements and global competition and are segmented on a regional basis. Since the Closing Date, Cooper Tire's operating results have been incorporated into each of our SBUs. We expect to discuss the impact of Cooper Tire's net sales and operating income within each SBU until the periods presented are fully comparable.

Results of operations are measured based on net sales to unaffiliated customers and segment operating income. Each segment exports tires to other segments. The financial results of each segment exclude sales of tires exported to other segments, but include operating income derived from such transactions. Segment operating income is computed as follows: Net Sales less CGS (excluding asset write-off and accelerated depreciation charges) and SAG (including certain allocated corporate administrative expenses). Segment operating income also includes certain royalties and equity in earnings of most affiliates. Segment operating income does not include net rationalization charges (credits), asset sales, goodwill and other asset impairment charges and certain other items.

Total segment operating income in 2021 was $1,288 million, compared to total segment operating loss of $14 million in 2020. Total segment operating margin (segment operating income (loss) divided by segment sales) in 2021 was 7.4% compared to (0.1)% in 2020.

Management believes that total segment operating income is useful because it represents the aggregate value of income created by our SBUs and excludes items not directly related to the SBUs for performance evaluation purposes. Total segment operating income is the sum of the individual SBUs' segment operating income. Refer to the Note to the Consolidated Financial Statements No. 9, Business Segments, for further information and for a reconciliation of total segment operating income to Income (Loss) before Income Taxes.

Americas

	Year Ended December 31,		
(In millions)	2021	2020	2019
Tire Units	85.9	56.7	70.4
Net Sales	$ 10,051	$ 6,556	$ 7,922
Operating Income	914	9	550
Operating Margin	9.1%	0.1%	6.9%

Americas unit sales in 2021 increased 29.2 million units, or 51.3%, to 85.9 million units. Replacement tire volume increased 28.2 million units, or 63.4%, primarily due to the addition of Cooper Tire's units and an increase in our consumer business in the United States and Brazil, driven by continued recovery from the macroeconomic impacts of the COVID-19 pandemic. OE tire volume increased 1.0 million units, or 7.7%, primarily due to an increase in our consumer business in Brazil and the addition of Cooper Tire's units. Consumer OE tire volume continued to be negatively affected by impacts to vehicle production driven by global supply chain disruptions, including shortages of key manufacturing components, such as semiconductors.

Net sales in 2021 were $10,051 million, increasing $3,495 million, or 53.3%, compared to $6,556 million in 2020. The increase in net sales was driven by the addition of Cooper Tire's net sales of $1,862 million, higher tire volume of $918 million, higher sales in other tire-related businesses of $388 million, primarily due to an increase in third-party sales of chemical products and higher retail, retread and aviation sales, and favorable price and product mix of $356 million, driven by price increases. These increases were partially offset by $34 million ($26 million after-tax and minority) for a favorable one-time legal settlement in 2020. We estimate that the severe winter storm in the U.S. negatively impacted Americas net sales in 2021 by approximately $35 million.

Operating income in 2021 was $914 million, increasing $905 million from $9 million in 2020. The increase in operating income was due to improvements in price and product mix of $640 million, which more than offset higher raw material costs of $258 million, lower conversion costs of $171 million, primarily due to favorable overhead absorption as a result of higher factory utilization, Cooper Tire's operating income of $165 million, higher tire volume of $162 million, higher earnings in other tire-related businesses of $92 million, primarily due to an increase in third-party sales of chemical products and higher retail and aviation sales, the favorable indirect tax ruling in Brazil of $69 million, a $13 million ($10 million after-tax and minority) charge in 2020 for an environmental remediation liability at a closed facility, and $13 million of pandemic-related work in process inventory write-offs in 2020. These increases were partially offset by higher SAG of $71 million, primarily due to higher wages and benefits reflecting pandemic-related actions taken in 2020, inflation and higher warehousing costs, increased transportation costs of $39 million, a $34 million favorable one-time legal settlement in 2020 and the net impact of out of period adjustments in 2021 totaling $6 million ($6 million after-tax and minority) of expense primarily related to inventory and accrued freight charges. Conversion costs and SAG include incremental savings from rationalization plans of $57 million and $6 million, respectively, primarily related to Gadsden. Price and product mix includes TireHub equity

income of $4 million in 2021 compared to a loss of $36 million in 2020. We estimate that the severe winter storm in the U.S. and the national strike in Colombia that occurred in the first half of 2021 negatively impacted Americas operating income in 2021 by approximately $42 million and $9 million ($9 million after-tax and minority), respectively.

Operating income in 2021 excluded rationalization charges of $38 million, primarily related to the permanent closure of Gadsden, and a net gain on asset sales of $1 million. Operating income in 2020 excluded the TireHub non-cash impairment charge of $148 million, accelerated depreciation and asset write-offs of $103 million and rationalization charges of $94 million, primarily related to the permanent closure of Gadsden.

Americas' results are highly dependent upon the United States, which accounted for 84% and 82% of Americas' net sales in 2021 and 2020, respectively. Results of operations in the United States are expected to continue to have a significant impact on Americas' future performance.

Europe, Middle East and Africa

	Year Ended December 31,		
(In millions)	**2021**	**2020**	**2019**
Tire Units	52.7	44.5	55.1
Net Sales	$ 5,243	$ 4,020	$ 4,708
Operating Income (Loss)	239	(72)	202
Operating Margin	4.6%	(1.8)%	4.3%

Europe, Middle East and Africa unit sales in 2021 increased 8.2 million units, or 18.4%, to 52.7 million units. Replacement tire volume increased 7.7 million units, or 22.8%, primarily in our consumer business, reflecting increased industry demand due to continued recovery from the macroeconomic impacts of the COVID-19 pandemic and the partial recovery of volume lost in 2020 as a result of our ongoing initiative to align distribution in Europe. OE tire volume increased 0.5 million units, or 4.2%, reflecting share gains driven by new consumer fitments, partially offset by the negative impact on vehicle production of global supply chain disruptions, including shortages of key manufacturing components, such as semiconductors.

Net sales in 2021 were $5,243 million, increasing $1,223 million, or 30.4%, compared to $4,020 million in 2020. Net sales increased primarily due to higher tire volume of $571 million, improvements in price and product mix of $316 million, the addition of Cooper Tire's net sales of $142 million, higher sales in other tire-related businesses of $101 million, primarily due to growth in our Fleet Solutions business and increased retread, motorcycle and racing tire sales, and favorable foreign currency translation of $93 million, driven by a stronger euro, South African rand and British pound, partially offset by a weaker Turkish lira.

Operating income in 2021 was $239 million, a change of $311 million, from an operating loss of $72 million in 2020. The increase in operating income was primarily due to improvements in price and product mix of $289 million, which more than offset higher raw material costs of $148 million, higher tire volume of $153 million, lower conversion costs of $108 million, primarily due to favorable overhead absorption as a result of higher factory utilization, higher earnings in other tire-related businesses of $16 million, primarily due to increases in aviation, racing and retread sales, and $12 million of pandemic-related work in process inventory write-offs in 2020. These increases were partially offset by higher SAG of $72 million, primarily related to higher wages and benefits and higher advertising expenses, both reflecting pandemic-related actions taken in 2020 as well as inflation, higher transportation costs of $21 million, and higher plant industrialization costs of $15 million. Conversion costs and SAG include incremental savings from rationalization plans of $6 million and $3 million, respectively.

Operating income in 2021 excluded net rationalization charges of $49 million, a net gain on asset sales of $13 million, and accelerated depreciation and asset write-offs of $1 million. Operating loss in 2020 excluded a non-cash goodwill impairment charge of $182 million, net rationalization charges of $59 million, net losses on asset sales of $2 million, and accelerated depreciation and asset write-offs of $2 million.

EMEA's results are highly dependent upon Germany, which accounted for 15% and 18% of EMEA's net sales in 2021 and 2020, respectively. Results of operations in Germany are expected to continue to have a significant impact on EMEA's future performance.

Asia Pacific

(In millions)	Year Ended December 31, 2021	2020	2019
Tire Units	30.7	24.8	29.8
Net Sales	$ 2,184	$ 1,745	$ 2,115
Operating Income	135	49	193
Operating Margin	6.2%	2.8%	9.1%

Asia Pacific unit sales in 2021 increased 5.9 million units, or 24.0%, to 30.7 million units. Replacement tire volume increased 3.2 million units, or 19.7%. OE tire volume increased 2.7 million units, or 32.8%. These increases were primarily due to continued recovery from the macroeconomic impacts of the COVID-19 pandemic and the addition of Cooper Tire's units, partially offset by the impact on vehicle production of global supply chain disruptions, including shortages of key manufacturing components, such as semiconductors.

Net sales in 2021 were $2,184 million, increasing $439 million, or 25.2%, from $1,745 million in 2020. Net sales increased due to higher tire volume of $210 million, the addition of Cooper Tire's net sales of $122 million, favorable foreign currency translation of $66 million, primarily related to a stronger Chinese yuan and Australian dollar, and favorable price and product mix of $43 million.

Operating income in 2021 was $135 million, increasing $86 million, or 175.5%, from $49 million in 2020. The increase in operating income was primarily due to favorable price and product mix of $81 million, which more than offset higher raw material costs of $78 million, higher tire volume of $52 million, lower conversion costs of $41 million, primarily due to favorable overhead absorption as a result of higher factory utilization, higher earnings in other tire-related businesses of $11 million, primarily due to higher aviation sales, and the addition of Cooper Tire's operating income of $11 million. These increases were partially offset by higher SAG of $29 million, primarily related to higher wages and benefits and higher advertising expenses, both reflecting pandemic-related actions taken in 2020, as well as higher warehousing costs.

Operating income in 2020 excluded net rationalization charges of $4 million.

Asia Pacific's results are highly dependent upon China and Australia. China accounted for 29% and 25% of Asia Pacific's net sales in 2021 and 2020, respectively. Australia accounted for 24% and 27% of Asia Pacific's net sales in 2021 and 2020, respectively. Results of operations in China and Australia are expected to continue to have a significant impact on Asia Pacific's future performance.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary sources of liquidity are cash generated from our operating and financing activities. Our cash flows from operating activities are driven primarily by our operating results and changes in our working capital requirements and our cash flows from financing activities are dependent upon our ability to access credit or other capital.

In 2021, we completed several financing actions to provide funding for the acquisition of Cooper Tire and to improve our debt maturity profile.

On April 6, 2021, we issued $550 million of 5.25% senior notes due April 2031 and $450 million of 5.625% senior notes due 2033. The net proceeds from these notes, together with cash and cash equivalents, were used to redeem our $1.0 billion 5.125% senior notes due 2023 on May 6, 2021 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest to the redemption date.

On May 18, 2021, we issued $850 million of 5% senior notes due 2029 and $600 million of 5.25% senior notes due July 2031. The net proceeds from these notes, together with cash and cash equivalents and borrowings under our first lien revolving credit facility, were used to fund the cash portion of the Merger Consideration and related transaction costs.

On June 7, 2021, we amended and restated our $2.0 billion first lien revolving credit facility. Changes to the facility include extending the maturity to June 8, 2026, increasing the amount of the facility to $2.75 billion, and including Cooper Tire's accounts receivable and inventory in the borrowing base for the facility. The interest rate for loans under the facility decreased by 50 basis points to LIBOR plus 125 basis points.

Following the Cooper Tire acquisition and at December 31, 2021, $117 million aggregate principal amount of Cooper Tire's 7.625% senior notes due 2027 were outstanding. These notes also included a $19 million fair value step-up, which is being amortized against interest expense over the remaining life of the notes. Amortization since the Closing Date was approximately $1 million.

On September 28, 2021, we issued €400 million in aggregate principal amount of Goodyear Europe B.V. ("GEBV") 2.75% senior notes due 2028. A portion of the net proceeds from these notes were used to redeem GEBV's €250 million 3.75% senior notes due 2023 on October 28, 2021.

On December 15, 2021, we repaid in full our $400 million second lien term loan facility due 2025.

At December 31, 2021, we had $1,088 million of Cash and Cash Equivalents, compared to $1,539 million at December 31, 2020. The decrease in cash and cash equivalents of $451 million was primarily due to payment of the $1,856 million cash component of the Merger Consideration, net of cash and restricted cash acquired, and capital expenditures of $981 million, partially offset by net borrowings of $1,406 million, which includes $1,450 million of new senior notes used to fund the Cooper Tire acquisition and repayment of our $400 million second lien term loan facility due 2025, and cash flows provided by operating activities of $1,062 million. Cash provided by operating activities reflects net income for the year of $780 million, which includes a non-cash tax benefit of $325 million related to the reduction of valuation allowances on certain U.S. deferred tax assets for foreign tax credits, non-cash charges for depreciation and amortization of $883 million, an inventory fair value step-up adjustment of $110 million related to the Cooper Tire acquisition and rationalization charges of $93 million, partially offset by cash used for working capital of $359 million and rationalization payments of $197 million.

At December 31, 2021 and 2020, we had $4,345 million and $3,881 million, respectively, of unused availability under our various credit agreements. The table below provides unused availability by our significant credit facilities as of December 31:

(In millions)	2021	2020
First lien revolving credit facility	$ 2,314	$ 1,535
European revolving credit facility	908	982
Chinese credit facilities	374	297
Mexican credit facility	42	48
Other foreign and domestic debt	147	380
Short term credit arrangements	560	639
	$ 4,345	**$ 3,881**

We expect our 2022 cash flow needs to include capital expenditures of $1.3 billion to $1.4 billion. We also expect interest expense to be $450 million to $475 million; rationalization payments to be approximately $100 million; income tax payments to be $150 million to $200 million, excluding one-time items; and contributions to our funded pension plans to be $25 million to $50 million. We expect working capital to be a use of cash for the full year of 2022 of approximately $300 million. We expect our cash flows from operating activities less capital expenditures to be breakeven in 2022.

We are continuing to actively monitor our liquidity and intend to operate our business in a way that allows us to address our cash flow needs with our existing cash and available credit if they cannot be funded by cash generated from operating or other financing activities. We believe that our liquidity position is adequate to fund our operating and investing needs and debt maturities for the next twelve months and to provide us with the ability to respond to further changes in the business environment.

Our ability to service debt and operational requirements is also dependent, in part, on the ability of our subsidiaries to make distributions of cash to various other entities in our consolidated group, whether in the form of dividends, loans or otherwise. In certain countries where we operate, such as China, South Africa, Serbia and Argentina, transfers of funds into or out of such countries by way of dividends, loans, advances or payments to third-party or affiliated suppliers are generally or periodically subject to certain requirements, such as obtaining approval from the foreign government and/or currency exchange board before net assets can be transferred out of the country. In addition, certain of our credit agreements and other debt instruments limit the ability of foreign subsidiaries to make distributions of cash. Thus, we would have to repay and/or amend these credit agreements and other debt instruments in order to use this cash to service our consolidated debt. Because of the inherent uncertainty of satisfactorily meeting these requirements or limitations, we do not consider the net assets of our subsidiaries, including our Chinese, South African, Serbian and Argentinian subsidiaries, which are subject to such requirements or limitations to be integral to our liquidity or our ability to service our debt and operational requirements. At December 31, 2021, approximately $1,006 million of net assets, including approximately $179 million of cash and cash equivalents, were subject to such requirements. The requirements we must comply with to transfer funds out of China, South Africa, Serbia and Argentina have not adversely impacted our ability to make transfers out of those countries.

Cash Position

At December 31, 2021, significant concentrations of cash and cash equivalents held by our international subsidiaries included the following amounts:

- $320 million or 29% in Americas, primarily Chile, Mexico, Brazil and Canada ($384 million or 25% at December 31, 2020),
- $317 million or 29% in Asia Pacific, primarily China, Japan and India ($387 million or 25% at December 31, 2020), and
- $161 million or 15% in EMEA, primarily England and Poland ($387 million or 25% at December 31, 2020).

We have deposited our cash and cash equivalents and entered into various credit agreements and derivative contracts with financial institutions that we considered to be substantial and creditworthy at the time of such transactions. We seek to control our exposure to these financial institutions by diversifying our deposits, credit agreements and derivative contracts across multiple financial institutions, by setting deposit and counterparty credit limits based on long term credit ratings and other indicators of credit risk such as credit default swap spreads, and by monitoring the financial strength of these financial institutions on a regular basis. We also enter into master netting agreements with counterparties when possible. By controlling and monitoring exposure to financial institutions in this manner, we believe that we effectively manage the risk of loss due to nonperformance by a financial institution. However, we cannot provide assurance that we will not experience losses or delays in accessing our deposits or lines of credit due to the nonperformance of a financial institution. Our inability to access our cash deposits or make draws on our lines of credit, or the inability of a counterparty to fulfill its contractual obligations to us, could have a material adverse effect on our liquidity, financial condition or results of operations in the period in which it occurs.

Operating Activities

Net cash provided by operating activities was $1,062 million in 2021, decreasing $53 million compared to net cash provided by operating activities of $1,115 million in 2020.

The decrease in net cash provided by operating activities was driven by (i) a net increase in cash used for working capital of $1,230 million, (ii) an increase in cash income tax payments of $156 million, primarily as a result of higher earnings in 2021 and the receipt of certain tax refunds in 2020, (iii) cash paid for transaction and other costs related to the Cooper Tire acquisition of $42 million, and (iv) higher pension contributions and direct payments of $35 million. These uses of cash were partially offset by higher segment operating income of $1,302 million, which includes a non-cash charge of $110 million for an inventory fair value step-up adjustment related to the Cooper Tire acquisition.

The net increase in cash used for working capital reflects increases in cash used for Inventory of $1,695 million and Accounts Receivable of $432 million, partially offset by an increase in cash provided by Accounts Payable - Trade of $897 million. These changes were driven by our continued recovery from the impacts of the COVID-19 pandemic, which include higher sales volume and an increase in finished goods inventory as we continue to restock in order to meet anticipated near-term demand, as well as the impact of current year inflationary cost pressures on our manufacturing operations and our pricing.

Investing Activities

Net cash used for investing activities was $2,793 million in 2021, compared to $667 million in 2020. The increase in cash used for investing activities primarily relates to the $1,856 million cash component of the Merger Consideration, net of cash and restricted cash acquired. Capital expenditures were $981 million in 2021, increasing $334 million, compared to $647 million in 2020, primarily due to prior year actions to preserve cash in response to the COVID-19 pandemic and the addition of Cooper Tire's capital expenditures. Beyond expenditures required to sustain our facilities, capital expenditures in 2021 and 2020 primarily related to investments in high value-added capacity and capability around the world.

Financing Activities

Net cash provided by financing activities was $1,309 million in 2021, compared to net cash provided by financing activities of $203 million in 2020. The $1,106 million year-over-year change reflects an increase in net borrowings of $1,156 million, primarily used to fund a portion of the Cooper Tire acquisition. Debt related costs and other transactions increased $93 million during 2021 due to the various financing actions described above. No cash dividends were paid in 2021, compared to $37 million of dividend payments in 2020, as a result of the suspension of the quarterly dividend on our common stock on April 16, 2020.

Credit Sources

In aggregate, we had total credit arrangements of $11,628 million available at December 31, 2021, of which $4,345 million were unused, compared to $9,707 million available at December 31, 2020, of which $3,881 million were unused. At December 31, 2021, we had long term credit arrangements totaling $10,624 million, of which $3,785 million were unused, compared to $8,632 million and $3,242 million, respectively, at December 31, 2020. At December 31, 2021, we had short term committed and uncommitted credit arrangements totaling $1,004 million, of which $560 million were unused, compared to $1,075 million and $639 million, respectively, at December 31, 2020. The continued availability of the short term uncommitted arrangements is at the discretion of the relevant lender and may be terminated at any time.

Outstanding Notes

At December 31, 2021, we had $5,591 million of outstanding notes, compared to $3,860 million at December 31, 2020. The increase from December 31, 2020 was primarily due to the issuance of $1.45 billion of senior notes to fund a portion of the acquisition of Cooper Tire, the issuance of €400 million of GEBV senior notes, an increase of €150 million over the prior €250 million of senior notes, and $135 million of Cooper Tire senior notes.

$2.75 Billion Amended and Restated First Lien Revolving Credit Facility due 2026

On June 7, 2021, we amended and restated our $2.0 billion first lien revolving credit facility. Changes to the facility include extending the maturity to June 8, 2026, increasing the amount of the facility to $2.75 billion, and including Cooper Tire's accounts receivable and inventory in the borrowing base of the facility. The interest rate for loans under the facility decreased by 50 basis points to LIBOR plus 125 basis points, based on our current liquidity described below.

Our amended and restated first lien revolving credit facility is available in the form of loans or letters of credit. Up to $800 million in letters of credit and $50 million of swingline loans are available for issuance under the facility. Availability under the facility is subject to a borrowing base, which is based on (i) eligible accounts receivable and inventory of The Goodyear Tire & Rubber Company and certain of its U.S. and Canadian subsidiaries, after adjusting for customary factors that are subject to modification from time to time by the administrative agent or the majority lenders at their discretion (not to be exercised unreasonably), (ii) the value of our principal trademarks in an amount not to exceed $400 million, (iii) the value of eligible machinery and equipment, and (iv) certain cash in an amount not to exceed $275 million. Modifications are based on the results of periodic collateral and borrowing base evaluations and appraisals. To the extent that our eligible accounts receivable, inventory and other components of the borrowing base decline in value, our borrowing base will decrease and the availability under the facility may decrease below $2.75 billion. In addition, if the amount of outstanding borrowings and letters of credit under the facility exceeds the borrowing base, we are required to prepay borrowings and/or cash collateralize letters of credit sufficient to eliminate the excess. As of December 31, 2021, our borrowing base, and therefore our availability, under this facility was $417 million below the facility's stated amount of $2.75 billion.

At December 31, 2021, we had no borrowings and $19 million of letters of credit issued under the revolving credit facility. At December 31, 2020, we had no borrowings and $11 million of letters of credit issued under the revolving credit facility.

At December 31, 2021, we had $257 million in letters of credit issued under bilateral credit agreements.

Amended and Restated Second Lien Term Loan Facility due 2025

On December 15, 2021, we repaid in full our $400 million second lien term loan facility due 2025.

€800 Million Amended and Restated Senior Secured European Revolving Credit Facility due 2024

Our amended and restated European revolving credit facility consists of (i) a €180 million German tranche that is available only to Goodyear Germany GmbH and (ii) a €620 million all-borrower tranche that is available to GEBV, Goodyear Germany and Goodyear Operations S.A. Up to €175 million of swingline loans and €75 million in letters of credit are available for issuance under the all-borrower tranche. Amounts drawn under this facility will bear interest at LIBOR plus 150 basis points for loans denominated in U.S. dollars, EURIBOR plus 150 basis points for loans denominated in euros, and SONIA plus 150 basis points for loans denominated in pounds sterling. Undrawn amounts under the facility are subject to an annual commitment fee of 25 basis points. Subject to the consent of the lenders whose commitments are to be increased, we may request that the facility be increased by up to €200 million.

At December 31, 2021 and 2020, there were no borrowings and no letters of credit outstanding under the European revolving credit facility.

Each of our first lien revolving credit facility and our European revolving credit facility have customary representations and warranties including, as a condition to borrowing, that all such representations and warranties are true and correct, in all material respects, on the date of the borrowing, including representations as to no material adverse change in our business or financial condition since December 31, 2020 under the first lien facility and December 31, 2018 under the European facility.

Accounts Receivable Securitization Facilities (On-Balance Sheet)

On October 11, 2021, GEBV and certain other of our European subsidiaries amended and restated the definitive agreements for our pan-European accounts receivable securitization facility, extending the term through 2027. The terms of the facility provide the flexibility to designate annually the maximum amount of funding available under the facility in an amount of not less than €30 million and not more than €450 million. For the period from October 16, 2020 through October 18, 2021, the designated maximum amount of the facility was €280 million. For the period from October 19, 2021 through October 19, 2022, the designated maximum amount of the facility was increased to €300 million.

The facility involves an ongoing daily sale of substantially all of the trade accounts receivable of certain GEBV subsidiaries. These subsidiaries retain servicing responsibilities. Utilization under this facility is based on eligible receivable balances.

The funding commitments under the facility will expire upon the earliest to occur of: (a) October 19, 2027, (b) the non-renewal and expiration (without substitution) of all of the back-up liquidity commitments, (c) the early termination of the facility according to its terms (generally upon an Early Amortisation Event (as defined in the facility), which includes, among other things, events similar to the events of default under our first lien revolving credit facility; certain tax law changes; or certain changes to law, regulation or accounting standards), or (d) our request for early termination of the facility. The facility's current back-up liquidity commitments will expire on October 19, 2022.

At December 31, 2021, the amounts available and utilized under this program totaled $279 million (€246 million). At December 31, 2020, the amounts available and utilized under this program totaled $291 million (€237 million). The program does not qualify for sale accounting, and accordingly, these amounts are included in Long Term Debt and Finance Leases.

Accounts Receivable Factoring Facilities (Off-Balance Sheet)

We have sold certain of our trade receivables under off-balance sheet programs. For these programs, we have concluded that there is generally no risk of loss to us from non-payment of the sold receivables. At December 31, 2021, the gross amount of receivables sold was $605 million, compared to $451 million at December 31, 2020. The increase from December 31, 2020 is primarily due to the increase in our accounts receivable base as a result of the Cooper Tire acquisition and higher sales in our legacy business.

Supplier Financing

We have entered into payment processing agreements with several financial institutions. Under these agreements, the financial institutions act as our paying agents with respect to accounts payable due to our suppliers. These agreements also allow our suppliers to sell their receivables to the financial institutions at the sole discretion of both the supplier and the financial institution on terms that are negotiated between them. We are not always notified when our suppliers sell receivables under these programs. Our obligations to our suppliers, including the amounts due and scheduled payment dates, are not impacted by our suppliers' decisions to sell their receivables under the program. Agreements for such supplier financing programs totaled up to $630 million and $500 million at December 31, 2021 and 2020, respectively. The increase from December 31, 2020 is primarily due to the overall increase in our cost base as a result of the Cooper Tire acquisition.

Further Information

On March 5, 2021, the ICE Benchmark Administration, the administrator of LIBOR ("IBA"), confirmed its previously announced plans to cease publication of USD LIBOR on December 31, 2021 for only the one week and two month USD

LIBOR tenors, and on June 30, 2023 for all other USD LIBOR tenors. In addition, the IBA ceased publication of all tenors of euro and Swiss franc LIBOR and most tenors of Japanese yen and British pound LIBOR on December 31, 2021. In the United States, efforts to identify a set of alternative U.S. dollar reference interest rates include proposals by the Alternative Reference Rates Committee that has been convened by the Federal Reserve Board and the Federal Reserve Bank of New York to encourage market participants' use of the Secured Overnight Financing Rate, known as SOFR. Additionally, the International Swaps and Derivatives Association, Inc. published amendments to its definition book to incorporate new benchmark fallbacks for derivative contracts that reference certain interbank offered rates, including LIBOR. We cannot currently predict the effect of the discontinuation of, or other changes to, LIBOR or any establishment of alternative reference rates in the United States, the United Kingdom, the European Union or elsewhere on the global capital markets. The uncertainty regarding the future of LIBOR, as well as the transition from LIBOR to any alternative reference rate or rates, could have adverse impacts on floating rate obligations, loans, deposits, derivatives and other financial instruments that currently use LIBOR as a benchmark rate. We have identified and evaluated our financing obligations and other contracts that refer to LIBOR and expect to be able to transition those obligations and contracts to an alternative reference rate upon the discontinuation of LIBOR. Our first lien revolving credit facility and our European revolving credit facility, which constitute the most significant of our LIBOR-based debt obligations, contain "fallback" provisions that address the discontinuation of LIBOR and facilitate the adoption of an alternate rate of interest. We have not issued any long term floating rate notes. Our first lien revolving credit facility also contains express provisions for the use, at our option, of an alternative base rate (the higher of (a) the prime rate, (b) the federal funds effective rate or the overnight bank funding rate plus 50 basis points or (c) LIBOR plus 100 basis points). We do not believe that the discontinuation of LIBOR, or its replacement with an alternative reference rate or rates, will have a material impact on our results of operations, financial position or liquidity.

For a further description of the terms of our outstanding notes, first lien revolving credit facility, European revolving credit facility and pan-European accounts receivable securitization facility, refer to Note to the Consolidated Financial Statements No. 16, Financing Arrangements and Derivative Financial Instruments.

Covenant Compliance

Our first lien revolving credit facility and some of the indentures governing our notes contain certain covenants that, among other things, limit our ability to incur additional debt or issue redeemable preferred stock, pay dividends, repurchase shares or make certain other restricted payments or investments, incur liens, sell assets, incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us, enter into affiliate transactions, engage in sale and leaseback transactions, and consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications. Our first lien revolving credit facility and the indentures governing our notes also have customary defaults, including cross-defaults to material indebtedness of Goodyear and its subsidiaries.

We have an additional financial covenant in our first lien revolving credit facility that is currently not applicable. We only become subject to this financial covenant when certain events occur. This financial covenant and the related events are as follows:

- We become subject to the financial covenant contained in our first lien revolving credit facility when the aggregate amount of our Parent Company (The Goodyear Tire & Rubber Company) and guarantor subsidiaries cash and cash equivalents ("Available Cash") plus our availability under our first lien revolving credit facility is less than $275 million. If this were to occur, our ratio of EBITDA to Consolidated Interest Expense may not be less than 2.0 to 1.0 for the most recent period of four consecutive fiscal quarters. As of December 31, 2021, our unused availability under this facility of $2,314 million plus our Available Cash of $259 million totaled $2,573 million, which is in excess of $275 million.

In addition, our European revolving credit facility contains non-financial covenants similar to the non-financial covenants in our first lien revolving credit facility that are described above and a financial covenant applicable only to GEBV and its subsidiaries. This financial covenant provides that we are not permitted to allow GEBV's ratio of Consolidated Net GEBV Indebtedness to Consolidated GEBV EBITDA for a period of four consecutive fiscal quarters to be greater than 3.0 to 1.0 at the end of any fiscal quarter. Consolidated Net GEBV Indebtedness is determined net of the sum of cash and cash equivalents in excess of $100 million held by GEBV and its subsidiaries, cash and cash equivalents in excess of $150 million held by the Parent Company and its U.S. subsidiaries, and availability under our first lien revolving credit facility if the ratio of EBITDA to Consolidated Interest Expense described above is not applicable and the conditions to borrowing under the first lien revolving credit facility are met. Consolidated Net GEBV Indebtedness also excludes loans from other consolidated Goodyear entities. This financial covenant is also included in our pan-European accounts receivable securitization facility. At December 31, 2021, we were in compliance with this financial covenant.

Our credit facilities also state that we may only incur additional debt or make restricted payments that are not otherwise expressly permitted if, after giving effect to the debt incurrence or the restricted payment, our ratio of EBITDA to Consolidated Interest Expense for the prior four fiscal quarters would exceed 2.0 to 1.0. Certain of our senior note indentures

have substantially similar limitations on incurring debt and making restricted payments. Our credit facilities and indentures also permit the incurrence of additional debt through other provisions in those agreements without regard to our ability to satisfy the ratio-based incurrence test described above. We believe that these other provisions provide us with sufficient flexibility to incur additional debt necessary to meet our operating, investing and financing needs without regard to our ability to satisfy the ratio-based incurrence test.

Covenants could change based upon a refinancing or amendment of an existing facility, or additional covenants may be added in connection with the incurrence of new debt.

As of December 31, 2021, we were in compliance with the currently applicable material covenants imposed by our principal credit facilities and indentures.

The terms "Available Cash," "EBITDA," "Consolidated Interest Expense," "Consolidated Net GEBV Indebtedness" and "Consolidated GEBV EBITDA" have the meanings given them in the respective credit facilities.

Potential Future Financings

In addition to our previous financing activities, we may seek to undertake additional financing actions which could include restructuring bank debt or capital markets transactions, possibly including the issuance of additional debt or equity. Given the inherent uncertainty of market conditions, access to the capital markets cannot be assured.

Our future liquidity requirements may make it necessary for us to incur additional debt. However, a substantial portion of our assets are already subject to liens securing our indebtedness. As a result, we are limited in our ability to pledge our remaining assets as security for additional secured indebtedness. In addition, no assurance can be given as to our ability to raise additional unsecured debt.

Dividends and Common Stock Repurchase Program

Under our primary credit facilities and some of our note indentures, we are permitted to pay dividends on and repurchase our capital stock (which constitute restricted payments) as long as no default will have occurred and be continuing, additional indebtedness can be incurred under the credit facilities or indentures following the payment, and certain financial tests are satisfied.

During 2020 and 2019, we paid cash dividends of $37 million and $148 million, respectively, on our common stock. This excludes dividends earned on stock based compensation plans of $1 million and $2 million for the years 2020 and 2019, respectively. On April 16, 2020, we announced that we have suspended the quarterly dividend on our common stock.

From time to time, we repurchase shares of our common stock under programs approved by the Board of Directors. During 2021, 2020 and 2019, we did not repurchase any shares of our common stock under such programs.

The restrictions imposed by our credit facilities and indentures are not expected to affect our ability to pay dividends or repurchase our capital stock in the future.

Asset Dispositions

The restrictions on asset sales imposed by our material indebtedness have not affected our ability to divest non-core businesses, and those divestitures have not affected our ability to comply with those restrictions.

Supplemental Guarantor Financial Information

Certain of our subsidiaries, which are listed on Exhibit 22.1 to our Annual Report on Form 10-K for the year ended December 31, 2021, and are generally holding or operating companies, have guaranteed our obligations under the $800 million outstanding principal amount of 9.5% senior notes due 2025, the $900 million outstanding principal amount of 5% senior notes due 2026, the $700 million outstanding principal amount of 4.875% senior notes due 2027, the $850 million outstanding principal amount of 5% senior notes due 2029, the $550 million outstanding principal amount of 5.25% senior notes due April 2031, the $600 million outstanding principal amount of 5.25% senior notes due July 2031 and the $450 million outstanding principal amount of 5.625% senior notes due 2033 (collectively, the "Notes").

The Notes have been issued by The Goodyear Tire & Rubber Company (the "Parent Company") and are its senior unsecured obligations. The Notes rank equally in right of payment with all of our existing and future senior unsecured obligations and senior to any of our future subordinated indebtedness. The Notes are effectively subordinated to our existing and future secured indebtedness to the extent of the assets securing that indebtedness. The Notes are fully and unconditionally guaranteed on a joint and several basis by each of our wholly-owned U.S. and Canadian subsidiaries that also guarantee our obligations under our first lien revolving credit facility (such guarantees, the "Guarantees"; and, such guaranteeing subsidiaries, the "Subsidiary Guarantors"). The Guarantees are senior unsecured obligations of the Subsidiary Guarantors and rank equally in right of payment with all existing and future senior unsecured obligations of our Subsidiary Guarantors.

The Guarantees are effectively subordinated to existing and future secured indebtedness of the Subsidiary Guarantors to the extent of the assets securing that indebtedness.

The Notes are structurally subordinated to all of the existing and future debt and other liabilities, including trade payables, of our subsidiaries that do not guarantee the Notes (the "Non-Guarantor Subsidiaries"). The Non-Guarantor Subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available to pay those amounts. Certain Non-Guarantor Subsidiaries are limited in their ability to remit funds to us by means of dividends, advances or loans due to required foreign government and/or currency exchange board approvals or limitations in credit agreements or other debt instruments of those subsidiaries.

The Subsidiary Guarantors, as primary obligors and not merely as sureties, jointly and severally irrevocably and unconditionally guarantee on a senior unsecured basis the performance and full and punctual payment when due of all obligations of the Parent Company under the Notes and the related indentures, whether for payment of principal of or interest on the Notes, expenses, indemnification or otherwise. The Guarantees of the Subsidiary Guarantors are subject to release in limited circumstances only upon the occurrence of certain customary conditions.

Although the Guarantees provide the holders of Notes with a direct unsecured claim against the assets of the Subsidiary Guarantors, under U.S. federal bankruptcy law and comparable provisions of U.S. state fraudulent transfer laws, in certain circumstances a court could cancel a Guarantee and order the return of any payments made thereunder to the Subsidiary Guarantor or to a fund for the benefit of its creditors.

A court might take these actions if it found, among other things, that when the Subsidiary Guarantors incurred the debt evidenced by their Guarantee (i) they received less than reasonably equivalent value or fair consideration for the incurrence of the debt and (ii) any one of the following conditions was satisfied:

- the Subsidiary Guarantor was insolvent or rendered insolvent by reason of the incurrence;
- the Subsidiary Guarantor was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
- the Subsidiary Guarantor intended to incur, or believed (or reasonably should have believed) that it would incur, debts beyond its ability to pay as those debts matured.

In applying the above factors, a court would likely find that a Subsidiary Guarantor did not receive fair consideration or reasonably equivalent value for its Guarantee, except to the extent that it benefited directly or indirectly from the issuance of the Notes. The determination of whether a guarantor was or was not rendered "insolvent" when it entered into its guarantee will vary depending on the law of the jurisdiction being applied. Generally, an entity would be considered insolvent if the sum of its debts (including contingent or unliquidated debts) is greater than all of its assets at a fair valuation or if the present fair salable value of its assets is less than the amount that will be required to pay its probable liability on its existing debts, including contingent or unliquidated debts, as they mature.

Under Canadian federal bankruptcy and insolvency laws and comparable provincial laws on preferences, fraudulent conveyances or other challengeable or voidable transactions, the Guarantees could be challenged as a preference, fraudulent conveyance, transfer at undervalue or other challengeable or voidable transaction. The test to be applied varies among the different pieces of legislation, but as a general matter these types of challenges may arise in circumstances where:

- such action was intended to defeat, hinder, delay, defraud or prejudice creditors or others;
- such action was taken within a specified period of time prior to the commencement of proceedings under Canadian bankruptcy, insolvency or restructuring legislation in respect of a Subsidiary Guarantor, the consideration received by the Subsidiary Guarantor was conspicuously less than the fair market value of the consideration given, and the Subsidiary Guarantor was insolvent or rendered insolvent by such action and (in some circumstances, or) such action was intended to defraud, defeat or delay a creditor;
- such action was taken within a specified period of time prior to the commencement of proceedings under Canadian bankruptcy, insolvency or restructuring legislation in respect of a Subsidiary Guarantor and such action was taken, or is deemed to have been taken, with a view to giving a creditor a preference over other creditors or, in some circumstances, had the effect of giving a creditor a preference over other creditors; or
- a Subsidiary Guarantor is found to have acted in a manner that was oppressive, unfairly prejudicial to or unfairly disregarded the interests of any shareholder, creditor, director, officer or other interested party.

In addition, in certain insolvency proceedings a Canadian court may subordinate claims in respect of the Guarantees to other claims against a Subsidiary Guarantor under the principle of equitable subordination if the court determines that (1) the holder of Notes engaged in some type of inequitable or improper conduct, (2) the inequitable or improper conduct resulted in

injury to other creditors or conferred an unfair advantage upon the holder of Notes and (3) equitable subordination is not inconsistent with the provisions of the relevant solvency statute.

If a court canceled a Guarantee, the holders of Notes would no longer have a claim against that Subsidiary Guarantor or its assets.

Each Guarantee is limited, by its terms, to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Guarantee, as it relates to that Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

Each Subsidiary Guarantor is a consolidated subsidiary of the Parent Company at the date of the balance sheet presented. The following tables present summarized financial information for the Parent Company and the Subsidiary Guarantors on a combined basis after elimination of (i) intercompany transactions and balances among the Parent Company and the Subsidiary Guarantors and (ii) equity in earnings from and investments in any Non-Guarantor Subsidiary. On July 2, 2021, Cooper Tire and certain of its subsidiaries were added as Subsidiary Guarantors.

	Summarized Balance Sheet	
(In millions)	December 31, 2021	
Total Current Assets[1]	$	5,161
Total Non-Current Assets		8,406
Total Current Liabilities	$	2,932
Total Non-Current Liabilities		8,967

(1) Includes receivables due from Non-Guarantor Subsidiaries of $1,618 million as of December 31, 2021.

	Summarized Statement of Operations	
(In millions)	Year Ended December 31, 2021	
Net Sales	$	9,549
Cost of Goods Sold		7,623
Selling, Administrative and General Expense		1,457
Rationalizations		37
Interest Expense		322
Other (Income) Expense		(93)
Income before Income Taxes[2]	$	203
Net Income	$	542
Goodyear Net Income	$	542

(2) Includes income from intercompany transactions with Non-Guarantor Subsidiaries of $588 million for the year ended December 31, 2021, primarily from royalties, dividends, interest and intercompany product sales.

COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Obligations

The following table presents our contractual obligations and commitments to make future payments as of December 31, 2021:

(In millions)	Total	2022	2023	2024	2025	2026	Beyond 2026
Debt Obligations[(1)]	$ 7,176	$ 730	$ 232	$ 329	$ 823	$ 903	$ 4,159
Finance Lease Obligations[(2)]	255	17	4	3	3	2	226
Interest Payments[(3)]	2,697	386	357	352	298	237	1,067
Operating Lease Obligations[(4)]	1,313	255	212	171	137	110	428
Pension Benefits[(5)]	345	70	65	65	65	80	NA
Other Postretirement Benefits[(6)]	248	26	26	25	25	25	121
Workers' Compensation[(7)]	248	38	21	16	13	10	150
Binding Commitments[(8)]	2,836	1,887	473	180	132	118	46
Uncertain Income Tax Positions[(9)]	17	4	8	1	4	—	—
	$ 15,135	**$ 3,413**	**$ 1,398**	**$ 1,142**	**$ 1,500**	**$ 1,485**	**$ 6,197**

(1) Debt obligations include Notes Payable and Overdrafts, and excludes the impact of deferred financing fees, unamortized discounts, and a fair value step-up related to the Cooper Tire acquisition.

(2) The minimum lease payments for finance lease obligations are $780 million.

(3) These amounts represent future interest payments related to our existing debt obligations and finance leases based on fixed and variable interest rates specified in the associated debt and lease agreements. The amounts provided relate only to existing debt obligations and do not assume the refinancing or replacement of such debt or future changes in variable interest rates.

(4) Operating lease obligations have not been reduced by minimum sublease rentals of $10 million, $8 million, $6 million, $5 million, $2 million and $3 million in each of the periods above, respectively, for a total of $34 million. Payments, net of minimum sublease rentals, total $1,279 million. The present value of the net operating lease payments, including sublease rentals, is $992 million. The operating leases relate to, among other things, real estate, vehicles, data processing equipment and miscellaneous other assets. No asset is leased from any related party.

(5) The obligation related to pension benefits is actuarially determined and is reflective of obligations as of December 31, 2021. Although subject to change, the amounts set forth in the table represent the mid-point of the range of our expected contributions for funded U.S. and non-U.S. pension plans, plus expected cash funding of direct participant payments to our U.S. and non-U.S. pension plans.

We made significant contributions to fully fund our U.S. pension plans in 2013 and 2014. We have no minimum funding requirements for our funded U.S. pension plans under current ERISA law or the provisions of our USW collective bargaining agreement, including a provision which requires us to maintain an annual ERISA funded status for the Goodyear hourly U.S. pension plan of at least 97%.

Future U.S. pension contributions will be affected by our ability to offset changes in future interest rates with returns from our asset portfolios and any changes to ERISA law. For further information on the U.S. pension investment strategy, refer to Note to the Consolidated Financial Statements No. 18, Pension, Other Postretirement Benefits and Savings Plans.

Future non-U.S. contributions are affected by factors such as:

- future interest rate levels,
- the amount and timing of asset returns, and
- how contributions in excess of the minimum requirements could impact the amount and timing of future contributions.

(6) The payments presented above are expected payments for the next 10 years. The payments for other postretirement benefits reflect the estimated benefit payments of the plans using the provisions currently in effect. Under the relevant summary plan descriptions or plan documents we have the right to modify or terminate the plans. The obligation related to other postretirement benefits is actuarially determined on an annual basis.

(7) The payments for workers' compensation obligations are based upon recent historical payment patterns on claims. The present value of anticipated claims payments for workers' compensation is $194 million.

(8) Binding commitments are for raw materials, capital expenditures, utilities, and various other types of contracts. The obligations to purchase raw materials include supply contracts at both fixed and variable prices. Those with variable prices are based on index rates for those commodities at December 31, 2021.

(9) These amounts primarily represent expected payments with interest for uncertain income tax positions as of December 31, 2021. We have reflected them in the period in which we believe they will be ultimately settled based upon our experience with these matters.

Additional other long term liabilities include items such as general and product liabilities, environmental liabilities and miscellaneous other long term liabilities. These other liabilities are not contractual obligations by nature. We cannot, with any degree of reliability, determine the years in which these liabilities might ultimately be settled. Accordingly, these other long term liabilities are not included in the above table.

In addition, pursuant to certain long term agreements, we will purchase varying amounts of certain raw materials and finished goods at agreed upon base prices that may be subject to periodic adjustments for changes in raw material costs and market price adjustments, or in quantities that may be subject to periodic adjustments for changes in our or our suppliers' production levels. These contingent contractual obligations, the amounts of which cannot be estimated, are not included in the table above.

We do not engage in the trading of commodity contracts or any related derivative contracts. We generally purchase raw materials and energy through short term, intermediate and long term supply contracts at fixed prices or at formula prices related to market prices or negotiated prices. We may, however, from time to time, enter into contracts to hedge our energy costs.

At December 31, 2021, we had an agreement to provide a revolving loan commitment to TireHub of up to $100 million. As of December 31, 2021, no funds were drawn on this commitment.

Off-Balance Sheet Arrangements

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which a company has:

- made guarantees,
- retained or held a contingent interest in transferred assets,
- undertaken an obligation under certain derivative instruments, or
- undertaken any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the company, or that engages in leasing, hedging or research and development arrangements with the company.

We have entered into certain arrangements under which we have provided guarantees that are off-balance sheet arrangements. Those guarantees totaled $34 million at December 31, 2021. For further information about our guarantees, refer to Note to the Consolidated Financial Statements No. 20, Commitments and Contingent Liabilities.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. On an ongoing basis, management reviews its estimates, based on currently available information. Changes in facts and circumstances may alter such estimates and affect our results of operations and financial position in future periods. Our critical accounting policies relate to:

- acquisitions,
- general and product liability and other litigation,
- workers' compensation,
- goodwill and intangible assets,
- deferred tax asset valuation allowances and uncertain income tax positions, and
- pensions and other postretirement benefits.

Acquisitions. We allocate the cost of an acquired business to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess value of the purchase price for an acquired business over the estimated fair value of the assets acquired and liabilities assumed is recognized as goodwill. The valuation of the acquired assets and liabilities will impact the determination of future operating results. We use a variety of information sources to determine the fair value of acquired assets and liabilities including: third-party appraisers for the values and lives of property, identifiable intangibles and inventories; and actuaries and other third-party specialists for defined benefit pension plans, workers' compensation and general and product liabilities. Goodwill is assigned to reporting units as of the date of the related acquisition. If goodwill is assigned to more than one reporting unit, we utilize a method that is consistent with the manner in which the amount of goodwill in a business combination is determined. Transaction costs related to the acquisition of a business are expensed as incurred.

We estimate the fair value of acquired customer relationships using the multi-period excess earnings method. Fair value is estimated as the present value of the benefits anticipated from ownership of the asset, in excess of the returns required on the investment in contributory assets which are necessary to realize those benefits. The intangible asset's operating margins are determined as the residual earnings after quantifying operating margins from contributory assets. Assumptions used in these calculations are considered from a market participant perspective and include revenue growth rates, operating margins, contributory asset charges, customer attrition rates and discount rates.

We estimate the fair value of trade names (definite and indefinite) using the relief from royalty method, which calculates the cost savings associated with owning rather than licensing the assets. Assumed royalty rates are applied to projected revenue for the remaining useful lives of the assets to estimate the royalty savings. Assumptions used in the determination of the fair value of a trade name include revenue growth rates, including a terminal growth rate, the royalty rate and the discount rate.

While we use our best estimates and assumptions, fair value estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Any adjustments required after the measurement period are recorded in the consolidated statement of operations.

Future changes in the judgments, assumptions and estimates that are used in our acquisition valuations and intangible asset and goodwill impairment testing, including discount rates or future operating results and related cash flow projections, could result in significantly different estimates of the fair values in the future. An increase in discount rates, a reduction in projected cash flows or a combination of the two could lead to a reduction in the estimated fair values, which may result in impairment charges that could materially affect our financial statements in any given year.

General and Product Liability and Other Litigation. We have recorded liabilities totaling $390 million, including related legal fees expected to be incurred, for potential product liability and other tort claims, including asbestos claims, at December 31, 2021. General and product liability and other litigation liabilities are recorded based on management's assessment that a loss arising from these matters is probable. If the loss can be reasonably estimated, we record the amount of the estimated loss. If the loss is estimated within a range and no point within the range is more probable than another, we record the minimum amount in the range. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Loss ranges are based upon the specific facts of each claim or class of claims and are determined after review by counsel. Court rulings on our cases or similar cases may impact our assessment of the probability and our estimate of the loss, which may have an impact on our reported results of operations, financial position and liquidity. We record receivables for insurance recoveries related to our litigation claims when it is probable that we will receive reimbursement from the insurer. Specifically, we are a defendant in numerous lawsuits alleging various asbestos-related personal injuries purported to result from alleged exposure to asbestos in certain products previously manufactured by us or present in certain of our facilities. Typically, these lawsuits have been brought against multiple defendants in federal and state courts.

We periodically, and at least annually, update, using actuarial analyses, our existing reserves for pending claims, including a reasonable estimate of the liability associated with unasserted asbestos claims, and estimate our receivables from probable insurance recoveries. In determining the estimate of our asbestos liability, we evaluated claims over the next ten-year period. Due to the difficulties in making these estimates, analysis based on new data and/or changed circumstances arising in the future may result in an increase in the recorded obligation, and that increase may be significant. We had recorded gross liabilities for both asserted and unasserted asbestos claims, inclusive of defense costs, totaling $131 million at December 31, 2021.

We maintain certain primary and excess insurance coverage under coverage-in-place agreements, and also have additional excess liability insurance with respect to asbestos liabilities. We record a receivable with respect to such policies when we determine that recovery is probable and we can reasonably estimate the amount of a particular recovery. This determination is based on consultation with our outside legal counsel and takes into consideration agreements with certain of our insurance carriers, the financial viability and legal obligations of our insurance carriers, and other relevant factors.

As of December 31, 2021, we recorded a receivable related to asbestos claims of $77 million, and we expect that approximately 60% of asbestos claim related losses would be recoverable through insurance through the period covered by the estimated liability. Of this amount, $12 million was included in Current Assets as part of Accounts Receivable at December 31, 2021. The recorded receivable consists of an amount we expect to collect under coverage-in-place agreements with certain primary and excess insurance carriers as well as an amount we believe is probable of recovery from certain of our other excess insurance carriers. Although we believe these amounts are collectible under primary and certain excess policies today, future disputes with insurers could result in significant charges to operations.

Workers' Compensation. We have recorded liabilities, on a discounted basis, of $194 million for anticipated costs related to U.S. workers' compensation claims at December 31, 2021. The costs include an estimate of expected settlements on pending claims, defense costs and a provision for claims incurred but not reported. These estimates are based on our assessment of potential liability using an analysis of available information with respect to pending claims, historical experience and current cost trends. The amount of our ultimate liability in respect of these matters may differ from these estimates. We periodically, and at least annually, update our loss development factors based on actuarial analyses. The liability is discounted using the risk-free rate of return.

For further information on general and product liability and other litigation, and workers' compensation, refer to Note to the Consolidated Financial Statements No. 20, Commitments and Contingent Liabilities.

Goodwill and Intangible Assets. Goodwill and indefinite-lived intangible assets are tested for impairment annually or more frequently if an indicator of impairment is present. Intangible assets subject to amortization are tested only if a triggering event would require evaluation. Goodwill and Intangible Assets totaled $1,004 million and $1,039 million, respectively, at December 31, 2021.

We test goodwill and indefinite-lived intangible assets for impairment on at least an annual basis, with the option to perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value of a reporting unit or intangible asset to its carrying amount. Under the qualitative assessment, an entity is not required to calculate the fair value of a reporting unit or intangible asset unless the entity determines that it is more likely than not (defined as a likelihood of more than 50%) that its fair value is less than its carrying amount. If under the quantitative assessment the fair value of a reporting unit or intangible asset is less than its carrying amount, then an impairment loss will be recorded for the difference between the carrying value and the fair value.

At October 31, 2021, after considering changes to assumptions used in our most recent quantitative annual testing for each reporting unit and indefinite-lived intangible asset, results of recent fair value valuations related to the acquisition of Cooper Tire, the capital markets environment, economic conditions, tire industry competition and trends, changes in our results of operations, the magnitude of the excess of fair value over the carrying amount of each reporting unit and indefinite-lived intangible asset as determined in our most recent quantitative annual testing, and other factors, we concluded that it was not more likely than not that the fair values of our reporting units or indefinite-lived intangible assets were less than their respective carrying values and, therefore, did not perform a quantitative analysis.

Deferred Tax Asset Valuation Allowances and Uncertain Income Tax Positions. At December 31, 2021, our valuation allowances on certain of our U.S. federal, state and local net deferred tax assets totaled $26 million and our valuation allowances on our foreign net deferred tax assets totaled $1.0 billion. At December 31, 2020, our valuation allowances on certain of our U.S. federal, state and local net deferred tax assets totaled $368 million and our valuation allowances on our foreign net deferred tax assets totaled $1.1 billion.

We record a reduction to the carrying amounts of deferred tax assets by recording a valuation allowance if, based on the available evidence, it is more likely than not such assets will not be realized. The valuation of deferred tax assets requires judgment in assessing future profitability by year, including the impact of tax planning strategies, relative to the expiration dates, if any, of the assets.

We consider both positive and negative evidence when measuring the need for a valuation allowance. The weight given to the evidence is commensurate with the extent to which it may be objectively verified. Current and cumulative financial reporting results are a source of objectively verifiable evidence. We give operating results during the most recent three-year period a significant weight in our analysis. We typically only consider forecasts of future profitability when positive cumulative operating results exist in the most recent three-year period. We perform scheduling exercises to determine if sufficient taxable income of the appropriate character exists in the periods required in order to realize our deferred tax assets with limited lives (such as tax loss carryforwards and tax credits) prior to their expiration. We also consider prudent tax planning strategies (including an assessment of their feasibility) to accelerate taxable income if required to utilize expiring deferred tax assets. A valuation allowance is not required to the extent that, in our judgment, positive evidence exists with a magnitude and duration sufficient to result in a conclusion that it is more likely than not that our deferred tax assets will be realized.

At both December 31, 2021 and 2020, we had approximately $1.2 billion of U.S. federal, state and local net deferred tax assets, net of valuation allowances totaling $26 million in 2021, primarily for state tax loss carryforwards with limited lives, and $368 million in 2020, primarily for foreign tax credits with limited lives. The increase in our U.S. net deferred tax assets as a result of the reduction in valuation allowances during 2021 was largely offset by the establishment of deferred tax liabilities related to the Cooper Tire acquisition. In the U.S., we have a cumulative loss for the three-year period ending December 31, 2021. However, as the three-year cumulative loss in the U.S. is driven by business disruptions created by the COVID-19 pandemic, primarily in 2020, and only include the favorable impact of the Cooper Tire acquisition since the Closing Date, we also considered other objectively verifiable information in assessing our ability to utilize our net deferred tax assets, including recent favorable recovery trends in the tire industry and our tire volume as well as expected continued improvement. In addition, the Cooper Tire acquisition has generated significant incremental domestic earnings since the Closing Date and provides opportunities for cost and other operating synergies to further improve our U.S. profitability.

At December 31, 2021, our U.S. net deferred tax assets include approximately $339 million of foreign tax credits with limited lives, net of valuation allowances of $3 million. At December 31, 2020, our U.S. net deferred tax assets include $133 million of foreign tax credits with limited lives, net of valuation allowances of $328 million. Our earnings and forecasts of future profitability, taking into consideration recent trends, along with three significant sources of foreign income provide us sufficient positive evidence that we will be able to utilize our foreign tax credits that expire through 2030. Our sources of foreign income are (1) 100% of our domestic profitability can be re-characterized as foreign source income under current U.S. tax law to the extent domestic losses have offset foreign source income in prior years, (2) annual net foreign source income, exclusive of dividends, primarily from royalties, and (3) tax planning strategies, including capitalizing research and development costs, accelerating income on cross border transactions, including sales of inventory or raw materials to our subsidiaries, and reducing U.S. interest expense by, for example, reducing intercompany loans through repatriating current year earnings of foreign subsidiaries, all of which would increase our domestic profitability.

During the fourth quarter of 2021, we completed an intercompany sale of certain intellectual property. As a result of this transaction, U.S. taxable income for 2021 includes approximately $1.5 billion of accelerated income. External specialists assisted management with this transaction. The federal tax charge of $315 million related to this accelerated income was fully offset by the utilization of existing deferred tax assets, including $205 million related to tax loss carryforwards, which were primarily generated in 2020 as a result of a significant tax loss in the U.S. driven by the macroeconomic impacts of the COVID-19 pandemic, and $110 million of foreign tax credits.

Tax loss carryforwards must be utilized prior to foreign tax credits and other tax assets for tax purposes. Considering the magnitude of tax loss carryforwards that were utilized by this transaction, together with our earnings and other sources of income described above, we concluded that it is more likely than not that we will be able to utilize, prior to their expiration, certain U.S. tax assets. Accordingly, during the fourth quarter of 2021, we reduced U.S. valuation allowances by $325 million related to foreign tax credits and $15 million related to state tax loss carryforwards.

We consider our current forecasts of future profitability in assessing our ability to realize our deferred tax assets, including our foreign tax credits. As noted above, these forecasts include the impact of recent trends, including various macroeconomic factors such as the impact of the COVID-19 pandemic, on our profitability, as well as the impact of tax planning strategies. Macroeconomic factors, including the impact of the COVID-19 pandemic, possess a high degree of volatility and can significantly impact our profitability. As such, there is a risk that future earnings will not be sufficient to fully utilize our U.S. net deferred tax assets, including our foreign tax credits. However, we believe our forecasts of future profitability along with the three significant sources of foreign income described above provide us sufficient positive, objectively verifiable evidence to conclude that it is more likely than not that, at December 31, 2021, our U.S. net deferred tax assets, including our foreign tax credits, net of valuation allowances, will be fully utilized.

At both December 31, 2021 and 2020, we also had approximately $1.3 billion of foreign net deferred tax assets, and valuation allowances of $1.0 billion and $1.1 billion, respectively. Our losses in various foreign taxing jurisdictions in recent periods represented sufficient negative evidence to require us to maintain a full valuation allowance against certain of these net foreign deferred tax assets. Most notably, in Luxembourg, we maintain a valuation allowance of approximately $885 million on all of our net deferred tax assets. Each reporting period, we assess available positive and negative evidence and estimate if sufficient future taxable income will be generated to utilize these existing deferred tax assets. We do not believe that sufficient positive evidence required to release valuation allowances having a significant impact on our financial position or results of operations will exist within the next twelve months.

We recognize the effects of changes in tax rates and laws on deferred tax balances in the period in which legislation is enacted. We remeasure existing deferred tax assets and liabilities considering the tax rates at which they will be realized. We also consider the effects of enacted tax laws in our analysis of the need for valuation allowances.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations, including those for transfer pricing. We recognize liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional taxes will be due. If we ultimately determine that payment of these amounts is unnecessary, we reverse the liability and recognize a tax benefit during the period in which we determine that the liability is no longer necessary. We also recognize income tax benefits to the extent that it is more likely than not that our positions will be sustained when challenged by the taxing authorities. We derecognize income tax benefits when, based on new information, we determine that it is no longer more likely than not that our position will be sustained. To the extent we prevail in matters for which liabilities have been established, or determine we need to derecognize tax benefits recorded in prior periods, our results of operations and effective tax rate in a given period could be materially affected. An unfavorable tax settlement would require use of our cash, and lead to recognition of expense to the extent the settlement amount exceeds recorded liabilities, resulting in an increase in our effective tax rate in the period of resolution. To reduce our risk of an unfavorable transfer price settlement, the Company applies consistent transfer pricing policies and practices globally, supports pricing with economic studies and seeks advance pricing agreements and joint audits to the extent possible. A favorable tax settlement would be recognized as a reduction of expense to the extent the settlement amount is lower than recorded liabilities and, in the case of an income tax settlement, would result in a reduction in our effective tax rate in the period of resolution. We report interest and penalties related to uncertain income tax positions as income tax expense.

For additional information regarding uncertain income tax positions, tax planning and valuation allowances, refer to Note to the Consolidated Financial Statements No. 7, Income Taxes.

Pensions and Other Postretirement Benefits. We have recorded liabilities for pension and other postretirement benefits of $270 million and $406 million, respectively, at December 31, 2021. Our recorded liabilities and net periodic costs for pensions and other postretirement benefits are based on a number of assumptions, including:

- life expectancies,
- retirement rates,
- discount rates,
- long term rates of return on plan assets,
- inflation rates,
- future compensation levels,
- future health care costs, and
- maximum company-covered benefit costs.

Certain of these assumptions are determined with the assistance of independent actuaries. Assumptions about life expectancies, retirement rates, future compensation levels and future health care costs are based on past experience and anticipated future trends. The discount rate for our U.S. plans is based on a yield curve derived from a portfolio of corporate bonds from issuers rated AA or higher by established rating agencies as of December 31 and is reviewed annually. Our expected benefit payment cash flows are discounted based on spot rates developed from the yield curve. The mortality assumption for our U.S. plans is based on actual historical experience or published actuarial tables, an assumed long term rate of future improvement based on published actuarial tables, and current government regulations related to lump sum payment factors. The long term rate of return on U.S. plan assets is based on estimates of future long term rates of return similar to the target allocation of substantially all fixed income securities. Actual U.S. pension fund asset allocations are reviewed on a monthly basis and the pension fund is rebalanced to target ranges on an as-needed basis. These assumptions are reviewed regularly and revised when appropriate. Changes in one or more of them may affect the amount of our recorded liabilities and net periodic costs for these benefits. Other assumptions involving demographic factors such as retirement age

and turnover are evaluated periodically and are updated to reflect our experience and expectations for the future. If actual experience differs from expectations, our financial position, results of operations and liquidity in future periods may be affected.

The weighted average discount rate used in estimating the total liability for our U.S. pension and other postretirement benefit plans was 2.82% and 2.87%, respectively, at December 31, 2021, compared to 2.42% and 2.34%, respectively, at December 31, 2020. The increase in the discount rate at December 31, 2021 was due primarily to higher yields on highly rated corporate bonds. Interest cost included in our U.S. net periodic pension cost was $94 million in 2021, compared to $126 million in 2020 and $173 million in 2019. Interest cost included in our worldwide net periodic other postretirement benefits cost was $9 million in 2021, compared to $8 million in 2020 and $11 million in 2019.

The following table presents the sensitivity of our U.S. projected pension benefit obligation and accumulated other postretirement benefits obligation to the indicated increase/decrease in the discount rate:

		+ /- Change at December 31, 2021	
(Dollars in millions)	**Change**	**PBO/ABO**	**Annual Expense**
Assumption:			
Pensions	+/- 0.5%	$ 309	$ 4
Other Postretirement Benefits	+/- 0.5%	15	1

Changes in general interest rates and corporate (AA or better) credit spreads impact our discount rate and thereby our U.S. pension benefit obligation. Our U.S. pension plans are invested in a portfolio of substantially all fixed income securities designed to offset the impact of future discount rate movements on liabilities for these plans. If corporate (AA or better) interest rates increase or decrease in parallel (i.e., across all maturities), the investment portfolio described above is designed to mitigate a substantial portion of the expected change in our U.S. pension benefit obligation. For example, if corporate (AA or better) interest rates increased or decreased by 0.5%, the investment portfolio described above would be expected to mitigate approximately 85% of the expected change in our U.S. pension benefit obligation.

At December 31, 2021, our net actuarial loss included in Accumulated Other Comprehensive Loss ("AOCL") related to global pension plans was $2,625 million, $2,160 million of which related to our U.S. pension plans. The net actuarial loss included in AOCL related to our U.S. pension plans is primarily due to declines in U.S. discount rates and plan asset losses that occurred prior to 2015, plus the impact of prior increases in estimated life expectancies. For purposes of determining our 2021 U.S. pension total benefits cost, we recognized $148 million of the net actuarial losses in 2021. We will recognize approximately $105 million of net actuarial losses in 2022 U.S. net periodic pension cost. If our future experience is consistent with our assumptions as of December 31, 2021, actuarial loss recognition over the next few years will remain at an amount near that to be recognized in 2022 before it begins to gradually decline. In addition, if annual lump sum payments from a pension plan exceed annual service and interest cost for that plan, accelerated recognition of net actuarial losses will be required through a settlement in total benefits cost.

The actual rate of return on our U.S. pension fund was 1.80%, 13.20% and 15.90% in 2021, 2020 and 2019, respectively, as compared to the expected rate of 3.74%, 4.22% and 5.25% in 2021, 2020 and 2019, respectively. We use the fair value of our pension assets in the calculation of pension expense for all of our U.S. pension plans.

The weighted average amortization period for our U.S. pension plans is approximately 16 years.

Service cost of pension plans was recorded in CGS, as part of the cost of inventory sold during the period, or SAG in our Consolidated Statements of Operations, based on the specific roles (i.e., manufacturing vs. non-manufacturing) of employee groups covered by each of our pension plans. In 2021, 2020 and 2019, the amount of service cost included in CGS and SAG is approximately equal. Non-service related net periodic pension costs were recorded in Other (Income) Expense.

Globally, we expect our 2022 net periodic pension cost to be $70 million to $80 million, including approximately $40 million of service cost, compared to $77 million in 2021, which included $39 million of service cost.

Though we experienced an increase in our U.S. discount rate at the end of 2021, a large portion of the $7 million net actuarial loss included in AOCL for our worldwide other postretirement benefit plans as of December 31, 2021 is a result of the overall decline in U.S. discount rates over time. For purposes of determining 2021 worldwide net periodic other postretirement benefits cost, we recognized $3 million of net actuarial losses in 2021. We will recognize approximately $2 million of net actuarial losses in 2022. If our future experience is consistent with our assumptions as of December 31, 2021, actuarial loss recognition over the next few years will remain at an amount near that to be recognized in 2022.

For further information on pensions and other postretirement benefits, refer to Note to the Consolidated Financial Statements No. 18, Pension, Other Postretirement Benefits and Savings Plans.

FORWARD-LOOKING INFORMATION — SAFE HARBOR STATEMENT

Certain information in this Annual Report (other than historical data and information) may constitute forward-looking statements regarding events and trends that may affect our future operating results and financial position. The words "estimate," "expect," "intend" and "project," as well as other words or expressions of similar meaning, are intended to identify forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Annual Report. Such statements are based on current expectations and assumptions, are inherently uncertain, are subject to risks and should be viewed with caution. Actual results and experience may differ materially from the forward-looking statements as a result of many factors, including:

- there are risks and uncertainties regarding our acquisition of Cooper Tire and our ability to achieve the expected benefits of such acquisition;
- our future results of operations, financial condition and liquidity may be adversely impacted by the COVID-19 pandemic, and that impact may be material;
- raw material cost increases may materially adversely affect our operating results and financial condition;
- we are experiencing inflationary cost pressures, including with respect to wages, benefits, transportation and energy costs, that may materially adversely affect our operating results and financial condition;
- delays or disruptions in our supply chain or in the provision of services, including utilities, to us could result in increased costs or disruptions in our operations;
- changes to tariffs, trade agreements or trade restrictions may materially adversely affect our operating results;
- if we do not successfully implement our strategic initiatives, our operating results, financial condition and liquidity may be materially adversely affected;
- we face significant global competition and our market share could decline;
- deteriorating economic conditions in any of our major markets, or an inability to access capital markets or third-party financing when necessary, may materially adversely affect our operating results, financial condition and liquidity;
- if we experience a labor strike, work stoppage, labor shortage or other similar event at the Company or its joint ventures, our business, results of operations, financial condition and liquidity could be materially adversely affected;
- financial difficulties, work stoppages, labor shortages, supply disruptions or economic conditions affecting our major OE customers, dealers or suppliers could harm our business;
- our capital expenditures may not be adequate to maintain our competitive position and may not be implemented in a timely or cost-effective manner;
- our international operations have certain risks that may materially adversely affect our operating results, financial condition and liquidity;
- we have foreign currency translation and transaction risks that may materially adversely affect our operating results, financial condition and liquidity;
- our long term ability to meet our obligations, to repay maturing indebtedness or to implement strategic initiatives may be dependent on our ability to access capital markets in the future and to improve our operating results;
- we have a substantial amount of debt, which could restrict our growth, place us at a competitive disadvantage or otherwise materially adversely affect our financial health;
- any failure to be in compliance with any material provision or covenant of our debt instruments, or a material reduction in the borrowing base under our revolving credit facility, could have a material adverse effect on our liquidity and operations;
- our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly;
- we have substantial fixed costs and, as a result, our operating income fluctuates disproportionately with changes in our net sales;
- we may incur significant costs in connection with our contingent liabilities and tax matters;

- our reserves for contingent liabilities and our recorded insurance assets are subject to various uncertainties, the outcome of which may result in our actual costs being significantly higher than the amounts recorded;
- environmental issues, including climate change, or legal, regulatory or market measures to address environmental issues, may negatively affect our business and operations and cause us to incur significant costs;
- we are subject to extensive government regulations that may materially adversely affect our operating results;
- we may be adversely affected by any disruption in, or failure of, our information technology systems due to computer viruses, unauthorized access, cyber-attack, natural disasters or other similar disruptions;
- we may not be able to protect our intellectual property rights adequately;
- if we are unable to attract and retain key personnel, our business could be materially adversely affected; and
- we may be impacted by economic and supply disruptions associated with events beyond our control, such as war, acts of terror, political unrest, public health concerns, labor disputes or natural disasters.

It is not possible to foresee or identify all such factors. We will not revise or update any forward-looking statement or disclose any facts, events or circumstances that occur after the date hereof that may affect the accuracy of any forward-looking statement.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We utilize derivative financial instrument contracts and nonderivative instruments to manage interest rate, foreign exchange and commodity price risks. We have established a control environment that includes policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. We do not hold or issue derivative financial instruments for trading purposes.

Commodity Price Risk

The raw materials costs to which our operations are principally exposed include the cost of natural rubber, synthetic rubber, carbon black, fabrics, steel cord and other petrochemical-based commodities. Approximately two-thirds of our raw materials are petroleum-based, the cost of which may be affected by fluctuations in the price of oil. We currently do not hedge commodity prices. We do, however, use various strategies to partially offset cost increases for raw materials, including centralizing purchases of raw materials through our global procurement organization in an effort to leverage our purchasing power, expanding our capabilities to substitute lower cost raw materials, and reducing the amount of material required in each tire.

Interest Rate Risk

We continuously monitor our fixed and floating rate debt mix. Within defined limitations, we manage the mix using refinancing. At December 31, 2021, 15% of our debt was at variable interest rates averaging 4.01% compared to 24% at an average rate of 2.79% at December 31, 2020.

The following table presents information about long term fixed rate debt, excluding finance leases, at December 31:

(In millions)	2021	2020
Carrying amount — liability	$ 5,781	$ 4,094
Fair value — liability	6,149	4,283
Pro forma fair value — liability	6,409	4,353

The pro forma information assumes an 100 basis point decrease in market interest rates at December 31 of each year, and reflects the estimated fair value of fixed rate debt outstanding at that date under that assumption. The sensitivity of our fixed rate debt to changes in interest rates was determined using current market pricing models.

Foreign Currency Exchange Risk

We enter into foreign currency contracts in order to reduce the impact of changes in foreign exchange rates on our consolidated results of operations and future foreign currency-denominated cash flows. These contracts reduce exposure to currency movements affecting existing foreign currency-denominated assets, liabilities, firm commitments and forecasted transactions resulting primarily from trade purchases and sales, equipment acquisitions, intercompany loans and royalty agreements. Contracts hedging short term trade receivables and payables normally have no hedging designation.

The following table presents foreign currency derivative information at December 31:

(In millions)	2021	2020
Fair value — asset (liability)	$ 5	$ (33)
Pro forma decrease in fair value	(98)	(167)
Contract maturities	1/22-12/22	1/21-12/21

The pro forma decrease in fair value assumes a 10% adverse change in underlying foreign exchange rates at December 31 of each year, and reflects the estimated change in the fair value of contracts outstanding at that date under that assumption. The sensitivity of our foreign currency positions to changes in exchange rates was determined using current market pricing models.

Fair values are recognized on the Consolidated Balance Sheets at December 31 as follows:

(In millions)	2021	2020
Current asset (liability):		
Accounts receivable	$ 10	$ 1
Other current liabilities	(5)	(34)

For further information on foreign currency contracts, refer to Note to the Consolidated Financial Statements No. 16, Financing Arrangements and Derivative Financial Instruments.

Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for a discussion of our management of counterparty risk.

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)	Year Ended December 31, 2021	2020	2019
Net Sales (Note 3)	$ 17,478	$ 12,321	$ 14,745
Cost of Goods Sold	13,692	10,337	11,602
Selling, Administrative and General Expense	2,699	2,192	2,323
Goodwill and Other Asset Impairments (Notes 12 and 13)	—	330	—
Rationalizations (Note 4)	93	159	205
Interest Expense (Note 5)	387	324	340
Other (Income) Expense (Note 6)	94	119	98
Income (Loss) before Income Taxes	513	(1,140)	177
United States and Foreign Tax Expense (Benefit) (Note 7)	(267)	110	474
Net Income (Loss)	780	(1,250)	(297)
Less: Minority Shareholders' Net Income	16	4	14
Goodyear Net Income (Loss)	**$ 764**	**$ (1,254)**	**$ (311)**
Goodyear Net Income (Loss) — Per Share of Common Stock			
Basic	**$ 2.92**	**$ (5.35)**	**$ (1.33)**
Weighted Average Shares Outstanding (Note 8)	261	234	233
Diluted	**$ 2.89**	**$ (5.35)**	**$ (1.33)**
Weighted Average Shares Outstanding (Note 8)	264	234	233

The accompanying notes are an integral part of these consolidated financial statements.

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)	Year Ended December 31, 2021	2020	2019
Net Income (Loss)	$ 780	$ (1,250)	$ (297)
Other Comprehensive Income (Loss):			
Foreign currency translation, net of tax of ($4) in 2021 ($4 in 2020, $4 in 2019)	(139)	(134)	5
Defined benefit plans:			
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost, net of tax of $34 in 2021 ($35 in 2020, $33 in 2019)	105	109	104
Decrease/(increase) in net actuarial losses, net of tax of $48 in 2021 (($10) in 2020, ($42) in 2019)	153	(3)	(169)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements, and divestitures, net of tax of $10 in 2021 ($7 in 2020, $2 in 2019)	33	22	4
Prior service credit (cost) from plan amendments, net of tax of $0 in 2021 (($1) in 2020, $1 in 2019)	1	(2)	1
Deferred derivative gains (losses), net of tax of $0 in 2021 ($0 in 2020, $0 in 2019)	1	15	10
Reclassification adjustment for amounts recognized in income, net of tax of $0 in 2021 ($0 in 2020, $0 in 2019)	(2)	(13)	(14)
Other Comprehensive Income (Loss)	**152**	**(6)**	**(59)**
Comprehensive Income (Loss)	**932**	**(1,256)**	**(356)**
Less: Comprehensive Income (Loss) Attributable to Minority Shareholders	(4)	(3)	15
Goodyear Comprehensive Income (Loss)	**$ 936**	**$ (1,253)**	**$ (371)**

The accompanying notes are an integral part of these consolidated financial statements.

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In millions, except share data)	December 31, 2021	December 31, 2020
Assets:		
Current Assets:		
Cash and Cash Equivalents (Note 1)	$ 1,088	$ 1,539
Accounts Receivable (Note 10)	2,387	1,691
Inventories (Note 11)	3,594	2,153
Prepaid Expenses and Other Current Assets	262	237
Total Current Assets	**7,331**	**5,620**
Goodwill (Note 12)	1,004	408
Intangible Assets (Note 12)	1,039	135
Deferred Income Taxes (Note 7)	1,596	1,467
Other Assets (Note 13)	1,106	952
Operating Lease Right-of-Use Assets (Note 15)	981	851
Property, Plant and Equipment (Note 14)	8,345	7,073
Total Assets	**$ 21,402**	**$ 16,506**
Liabilities:		
Current Liabilities:		
Accounts Payable — Trade	$ 4,148	$ 2,945
Compensation and Benefits (Notes 18 and 19)	689	540
Other Current Liabilities	822	865
Notes Payable and Overdrafts (Note 16)	406	406
Operating Lease Liabilities due Within One Year (Note 15)	204	198
Long Term Debt and Finance Leases due Within One Year (Notes 15 and 16)	343	152
Total Current Liabilities	**6,612**	**5,106**
Operating Lease Liabilities (Note 15)	819	684
Long Term Debt and Finance Leases (Notes 15 and 16)	6,648	5,432
Compensation and Benefits (Notes 18 and 19)	1,445	1,470
Deferred Income Taxes (Note 7)	135	84
Other Long Term Liabilities	559	471
Total Liabilities	**16,218**	**13,247**
Commitments and Contingent Liabilities (Note 20)		
Shareholders' Equity:		
Goodyear Shareholders' Equity:		
Common Stock, no par value:		
Authorized, 450 million shares, Outstanding shares — 282 million (233 million in 2020)	282	233
Capital Surplus	3,107	2,171
Retained Earnings	5,573	4,809
Accumulated Other Comprehensive Loss (Note 22)	(3,963)	(4,135)
Goodyear Shareholders' Equity	**4,999**	**3,078**
Minority Shareholders' Equity — Nonredeemable	185	181
Total Shareholders' Equity	**5,184**	**3,259**
Total Liabilities and Shareholders' Equity	**$ 21,402**	**$ 16,506**

The accompanying notes are an integral part of these consolidated financial statements.

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars in millions, except per share amounts)	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Goodyear Shareholders' Equity	Minority Shareholders' Equity — Non-Redeemable	Total Shareholders' Equity
Balance at December 31, 2018								
(after deducting 46,292,384 common treasury shares)	**232,171,043**	**$ 232**	**$ 2,111**	**$ 6,597**	**$ (4,076)**	**$ 4,864**	**$ 206**	**$ 5,070**
Net income (loss)				(311)		(311)	14	(297)
Other comprehensive income (loss)					(60)	(60)	1	(59)
Total comprehensive income (loss)						**(371)**	**15**	**(356)**
Adoption of new accounting standard				(23)		(23)		(23)
Stock-based compensation plans			29			29		29
Dividends declared				(150)		(150)	(5)	(155)
Common stock issued from treasury	479,275	1				1		1
Purchase of minority shares			1			1	(22)	(21)
Balance at December 31, 2019								
(after deducting 45,813,109 common treasury shares)	**232,650,318**	**$ 233**	**$ 2,141**	**$ 6,113**	**$ (4,136)**	**$ 4,351**	**$ 194**	**$ 4,545**

We declared and paid cash dividends of $0.64 per common share for the year ended December 31, 2019.

The accompanying notes are an integral part of these consolidated financial statements.

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY — (Continued)

(Dollars in millions, except per share amounts)	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Goodyear Shareholders' Equity	Minority Shareholders' Equity — Non-Redeemable	Total Shareholders' Equity
Balance at December 31, 2019 (after deducting 45,813,109 common treasury shares)	**232,650,318**	**$ 233**	**$ 2,141**	**$ 6,113**	**$ (4,136)**	**$ 4,351**	**$ 194**	**$ 4,545**
Net income (loss)				(1,254)		(1,254)	4	(1,250)
Other comprehensive income (loss)					1	1	(7)	(6)
Total comprehensive income (loss)						**(1,253)**	**(3)**	**(1,256)**
Adoption of new accounting standard				(12)		(12)		(12)
Stock-based compensation plans			32			32		32
Dividends declared				(38)		(38)	(10)	(48)
Common stock issued from treasury	569,780		(2)			(2)		(2)
Balance at December 31, 2020 (after deducting 45,243,329 common treasury shares)	**233,220,098**	**$ 233**	**$ 2,171**	**$ 4,809**	**$ (4,135)**	**$ 3,078**	**$ 181**	**$ 3,259**

We declared and paid cash dividends of $0.16 per common share for the year ended December 31, 2020.

The accompanying notes are an integral part of these consolidated financial statements.

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY — (Continued)

(Dollars in millions, except per share amounts)	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Goodyear Shareholders' Equity	Minority Shareholders' Equity — Non-Redeemable	Total Shareholders' Equity
Balance at December 31, 2020 (after deducting 45,243,329 common treasury shares)	**233,220,098**	**$ 233**	**$ 2,171**	**$ 4,809**	**$ (4,135)**	**$ 3,078**	**$ 181**	**$ 3,259**
Net income (loss)				764		764	16	780
Other comprehensive income (loss)					172	172	(20)	152
Total comprehensive income (loss)						**936**	**(4)**	**932**
Common stock issued	45,824,480	46	892			938		938
Stock-based compensation plans			26			26		26
Dividends declared							(13)	(13)
Common stock issued from treasury	2,748,645	3	18			21		21
Acquisition of Cooper Tire's minority interests							21	21
Balance at December 31, 2021 (after deducting 42,494,684 common treasury shares)	**281,793,223**	**$ 282**	**$ 3,107**	**$ 5,573**	**$ (3,963)**	**$ 4,999**	**$ 185**	**$ 5,184**

There were no dividends declared or paid for the year ended December 31, 2021.

The accompanying notes are an integral part of these consolidated financial statements.

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Year Ended December 31, 2021	2020	2019
Cash Flows from Operating Activities:			
Net Income (Loss)	**$ 780**	**$ (1,250)**	**$ (297)**
Adjustments to Reconcile Net Income (Loss) to Cash Flows from Operating Activities:			
Depreciation and Amortization	883	859	795
Amortization and Write-Off of Debt Issuance Costs	14	11	15
Amortization of Inventory Fair Value Adjustment Related to the Cooper Tire Acquisition (Note 2)	110	—	—
Transaction and Other Costs Related to the Cooper Tire Acquisition (Note 2)	56	—	—
Cash Payments for Transaction and Other Costs Related to the Cooper Tire Acquisition	(42)	—	—
Goodwill and Other Asset Impairments (Notes 12 and 13)	—	330	—
Provision for Deferred Income Taxes	(471)	23	323
Net Pension Curtailments and Settlements (Note 18)	43	18	6
Net Rationalization Charges (Note 4)	93	159	205
Rationalization Payments	(197)	(186)	(59)
Net (Gains) Losses on Asset Sales (Note 6)	(20)	2	(16)
Operating Lease Expense (Note 15)	295	286	292
Operating Lease Payments (Note 15)	(278)	(268)	(267)
Pension Contributions and Direct Payments	(91)	(56)	(79)
Changes in Operating Assets and Liabilities, Net of Asset Acquisitions and Dispositions:			
Accounts Receivable	(300)	132	71
Inventories	(982)	713	6
Accounts Payable — Trade	923	26	5
Compensation and Benefits	64	95	184
Other Current Liabilities	(11)	26	(50)
Other Assets and Liabilities	193	195	73
Total Cash Flows from Operating Activities	**1,062**	**1,115**	**1,207**
Cash Flows from Investing Activities:			
Acquisition of Cooper Tire, net of cash and restricted cash acquired (Note 2)	(1,856)	—	—
Capital Expenditures	(981)	(647)	(770)
Asset Dispositions	14	—	12
Short Term Securities Acquired	(118)	(96)	(113)
Short Term Securities Redeemed	125	96	106
Notes Receivable	16	(13)	(7)
Other Transactions	7	(7)	(28)
Total Cash Flows from Investing Activities	**(2,793)**	**(667)**	**(800)**
Cash Flows from Financing Activities:			
Short Term Debt and Overdrafts Incurred	1,095	1,651	1,880
Short Term Debt and Overdrafts Paid	(1,047)	(1,593)	(1,933)
Long Term Debt Incurred	9,862	6,251	5,942
Long Term Debt Paid	(8,504)	(6,059)	(6,008)
Common Stock Issued	9	—	1
Common Stock Dividends Paid (Note 21)	—	(37)	(148)
Transactions with Minority Interests in Subsidiaries	(13)	(10)	(26)
Debt Related Costs and Other Transactions	(93)	—	(15)
Total Cash Flows from Financing Activities	**1,309**	**203**	**(307)**
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	(38)	(1)	1
Net Change in Cash, Cash Equivalents and Restricted Cash	**(460)**	**650**	**101**
Cash, Cash Equivalents and Restricted Cash at Beginning of the Period	1,624	974	873
Cash, Cash Equivalents and Restricted Cash at End of the Period	**$ 1,164**	**$ 1,624**	**$ 974**

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Accounting Policies

A summary of the significant accounting policies used in the preparation of the accompanying consolidated financial statements follows:

Basis of Presentation

On June 7, 2021 (the "Closing Date"), we completed the acquisition of Cooper Tire & Rubber Company ("Cooper Tire"), pursuant to the terms of the Agreement and Plan of Merger, dated as of February 22, 2021 (the "Merger Agreement"), by and among Goodyear, Vulcan Merger Sub Inc., a direct, wholly owned subsidiary of Goodyear ("Merger Sub"), and Cooper Tire. On the Closing Date, Merger Sub merged with and into Cooper Tire, with Cooper Tire surviving the merger and becoming a wholly owned subsidiary of Goodyear (the "Merger"). As a result of the Merger, Cooper Tire, along with its subsidiaries, became subsidiaries of Goodyear. For further information about the Merger, refer to Note to the Consolidated Financial Statements No. 2, Cooper Tire Acquisition.

We maintain a robust business continuity plan to adequately respond to situations such as the COVID-19 pandemic, including a framework for remote work arrangements, in order to effectively maintain operations, including financial reporting systems, internal control over financial reporting and disclosure controls and procedures.

Recently Adopted Accounting Standards

Effective January 2021, we adopted an accounting standards update which eliminates differences in practice among fair value accounting for investments in equity securities, equity method investments and certain derivative instruments. The adoption of this standards update did not have a material impact on our consolidated financial statements.

Recently Issued Accounting Standards

In November 2021, the Financial Accounting Standards Board issued an accounting standards update on the disclosure of certain types of government assistance. Specifically, on an annual basis, entities will be required to make certain disclosures for transactions with a government that are accounted for by analogizing to a grant model. The standards update is effective either prospectively or retrospectively for annual periods beginning after December 15, 2021, with early adoption permitted. We are currently assessing the impact of this standards update on our consolidated financial statements.

Acquisitions

We include the results of operations of the businesses in which we acquire a controlling financial interest in our consolidated financial statements beginning as of the acquisition date. On the acquisition date, we recognize, separate from goodwill, the assets acquired, including separately identifiable intangible assets, and the liabilities assumed at their fair values. The excess of the consideration transferred over the fair values assigned to the net identifiable assets and liabilities of the acquired business is recognized as goodwill. Transaction costs are recognized separately from the acquisition and are expensed as incurred.

Principles of Consolidation

The consolidated financial statements include the accounts of all legal entities in which we hold a controlling financial interest. A controlling financial interest generally arises from our ownership of a majority of the voting shares of our subsidiaries. We would also hold a controlling financial interest in variable interest entities if we are considered to be the primary beneficiary. Investments in companies in which we do not own a majority interest and we have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. Investments in other companies are carried at cost. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates, including those related to:

- acquisitions,
- general and product liabilities and other litigation,
- workers' compensation,
- goodwill, intangibles and other long-lived assets,

- deferred tax asset valuation allowances and uncertain income tax positions,
- pension and other postretirement benefits, and
- various other operating allowances and accruals, based on currently available information.

Changes in facts and circumstances may alter such estimates and affect results of operations and financial position in future periods.

Revenue Recognition and Accounts Receivable Valuation

Sales are recognized when obligations under the terms of a contract are satisfied and control is transferred. This generally occurs with shipment or delivery, depending on the terms of the underlying contract, or when services have been rendered. Sales are measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. The amount of consideration we receive and sales we recognize can vary due to changes in sales incentives, rebates, rights of return or other items we offer our customers, for which we estimate the expected amounts based on an analysis of historical experience, or as the most likely amount in a range of possible outcomes. Payment terms with customers vary by region and customer, but are generally 30-90 days or at the point of sale for our consumer retail locations. Net sales exclude sales, value added and other taxes. Costs to obtain contracts are generally expensed as incurred due to the short term nature of individual contracts. Incidental items that are immaterial in the context of the contract are recognized as expense as incurred. We have elected to recognize the costs incurred for transportation of products to customers as a component of cost of goods sold (“CGS”).

Appropriate provisions are made for uncollectible accounts based on historical loss experience, portfolio duration, economic conditions and credit risk, considering both expected future losses as well as current incurred losses. The adequacy of the allowances are assessed quarterly. Effective January 1, 2020, we adopted, using the modified retrospective adoption approach, an accounting standards update with new guidance related to the accounting for credit losses on financial instruments. Our adoption of this standards update resulted in adjustments in 2020 that decreased Retained Earnings by $12 million, with Accounts Receivable decreasing by $15 million and Deferred Income Taxes increasing by $3 million.

Research and Development Costs

Research and development costs include, among other things, materials, equipment, compensation and contract services. These costs are expensed as incurred and included as a component of CGS. Research and development expenditures were $496 million, $390 million and $430 million in 2021, 2020 and 2019, respectively.

Warranty

Warranties are provided on the sale of certain of our products and services and an accrual for estimated future claims is recorded at the time revenue is recognized. Tire replacement under most of the warranties we offer is on a prorated basis. Warranty reserves are based on past claims experience, sales history and other considerations. Refer to Note to the Consolidated Financial Statements No. 20, Commitments and Contingent Liabilities.

Environmental Cleanup Matters

We expense environmental costs related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible. Expenditures that extend the life of the related property or mitigate or prevent future environmental contamination are capitalized. We determine our liability on a site by site basis and record a liability at the time when it is probable and can be reasonably estimated. Our estimated liability is reduced to reflect the anticipated participation of other potentially responsible parties in those instances where it is probable that such parties are legally responsible and financially capable of paying their respective share of the relevant costs. Our estimated liability is not discounted or reduced for possible recoveries from insurance carriers. Refer to Note to the Consolidated Financial Statements No. 20, Commitments and Contingent Liabilities.

Legal Costs

We record a liability for estimated legal and defense costs related to pending general and product liability claims, environmental matters and workers’ compensation claims. Refer to Note to the Consolidated Financial Statements No. 20, Commitments and Contingent Liabilities.

Advertising Costs

Costs incurred for producing and communicating advertising are generally expensed when incurred as a component of selling, administrative and general expense (“SAG”). Costs incurred under our cooperative advertising programs with dealers and franchisees are generally recorded as reductions of sales as related revenues are recognized. Advertising costs, including

costs for our cooperative advertising programs with dealers and franchisees, were $382 million, $304 million and $353 million in 2021, 2020 and 2019, respectively.

Rationalizations

We record costs for rationalization actions implemented to reduce excess and high-cost manufacturing capacity and operating and administrative costs. Associate-related costs include severance, supplemental unemployment compensation and benefits, medical benefits, pension curtailments, postretirement benefits, and other termination benefits. For ongoing benefit arrangements, a liability is recognized when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated. For one-time benefit arrangements, a liability is incurred and must be accrued at the date the plan is communicated to employees, unless they will be retained beyond a minimum retention period. In this case, the liability is calculated at the date the plan is communicated to employees and is accrued ratably over the future service period. For voluntary benefit arrangements, a liability is not estimable and is not recognized until eligible associates apply for the benefit and we accept the applications. Other costs generally include non-cancelable lease, contract termination and relocation costs. A liability for these costs is recognized in the period in which the liability is incurred. Rationalization charges related to accelerated depreciation and asset impairments are recorded in CGS or SAG. Refer to Note to the Consolidated Financial Statements No. 4, Costs Associated with Rationalization Programs.

Income Taxes

Income taxes are recognized during the year in which transactions enter into the determination of financial statement income, with deferred taxes being provided for temporary differences between carrying values of assets and liabilities for financial reporting purposes and such carrying values as measured under applicable tax laws. The effect on deferred tax assets or liabilities of a change in the tax law or tax rate is recognized in the period the change is enacted. Valuation allowances are recorded to reduce net deferred tax assets to the amount that is more likely than not to be realized. The calculation of our tax liabilities also involves considering uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain income tax positions based on our estimate of whether it is more likely than not that additional taxes will be required and we report related interest and penalties as income taxes. To the extent that we incur expense under the global intangible low-taxed income provisions, we will treat it as a component of income tax expense in the period incurred. Our policy is to utilize an item-by-item approach to release stranded income tax effects from Accumulated Other Comprehensive Loss ("AOCL"). Refer to Note to the Consolidated Financial Statements No. 7, Income Taxes.

Cash and Cash Equivalents / Consolidated Statements of Cash Flows

Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less. Substantially all of our cash and short-term investment securities are held with investment grade rated counterparties. At December 31, 2021, our cash investments with any single counterparty did not exceed approximately $310 million.

Cash flows associated with derivative financial instruments designated as hedges of identifiable transactions or events are classified in the same category as the cash flows from the related hedged items. Cash flows associated with derivative financial instruments not designated as hedges are classified as operating activities. Bank overdrafts, if any, are recorded within Notes Payable and Overdrafts. Cash flows associated with bank overdrafts are classified as financing activities.

Customer prepayments for products and government grants received that predominately relate to operations are reported as operating activities. Government grants received that are predominately related to capital expenditures are reported as investing activities. The Consolidated Statements of Cash Flows are presented net of finance leases of $39 million, $3 million and $36 million originating in the years ended December 31, 2021, 2020 and 2019, respectively, and accrued capital expenditures financed with extended terms of $15 million in 2020 which were paid in 2021. Cash flows from investing activities in 2021 exclude $257 million of accrued capital expenditures remaining unpaid at December 31, 2021, and include payment for $224 million of capital expenditures that were accrued and unpaid at December 31, 2020. Cash flows from investing activities in 2020 exclude $224 million of accrued capital expenditures remaining unpaid at December 31, 2020, and include payment for $243 million of capital expenditures that were accrued and unpaid at December 31, 2019. Cash flows from investing activities in 2019 exclude $243 million of accrued capital expenditures remaining unpaid at December 31, 2019, and include payment for $266 million of capital expenditures that were accrued and unpaid at December 31, 2018.

Restricted Cash

The following table provides a reconciliation of Cash, Cash Equivalents and Restricted Cash as reported within the Consolidated Statements of Cash Flows:

(In millions)	December 31, 2021	2020	2019
Cash and Cash Equivalents	$ 1,088	$ 1,539	$ 908
Restricted Cash[1]	76	85	66
Total Cash, Cash Equivalents and Restricted Cash	**$ 1,164**	**$ 1,624**	**$ 974**

(1) Includes remaining Cooper Tire restricted cash acquired of $25 million at December 31, 2021.

Restricted Cash primarily represents amounts required to be set aside in relation to (i) accounts receivable factoring programs and (ii) change-in-control provisions of certain Cooper Tire compensation plans. The restrictions lapse when cash from factored accounts receivable is remitted to the purchaser of those receivables or as the compensation payments are made, respectively. At December 31, 2021, $62 million and $14 million were recorded in Prepaid Expenses and Other Current Assets and Other Assets in the Consolidated Balance Sheets, respectively. At December 31, 2020, $85 million was recorded in Prepaid Expenses and Other Current Assets in the Consolidated Balance Sheets.

Restricted Net Assets

In certain countries where we operate, transfers of funds into or out of such countries by way of dividends, loans or advances are generally or periodically subject to various governmental regulations. In addition, certain of our credit agreements and other debt instruments limit the ability of foreign subsidiaries to make cash distributions. At December 31, 2021, approximately $1,006 million of net assets were subject to such regulations or limitations.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out or the average cost method. Costs include direct material, direct labor and applicable manufacturing and engineering overhead. We allocate fixed manufacturing overheads based on normal production capacity and recognize abnormal manufacturing costs as period costs. We determine a provision for excess and obsolete inventory based on management's review of inventories on hand compared to estimated future usage and sales. Refer to Note to the Consolidated Financial Statements No. 11, Inventories.

Goodwill and Other Intangible Assets

Goodwill is recorded when the cost of acquired businesses exceeds the fair value of the identifiable net assets acquired. Goodwill and intangible assets with indefinite useful lives are not amortized but are assessed for impairment annually with the option to perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value of the reporting unit or indefinite-lived intangible to its carrying amount. Under the qualitative assessment, an entity is not required to calculate the fair value unless the entity determines that it is more likely than not that the fair value is less than the carrying amount. If under the quantitative assessment the fair value is less than the carrying amount, then an impairment loss will be recorded for the difference between the carrying value and the fair value.

In addition to annual testing, impairment testing is conducted when events occur or circumstances change that would more likely than not reduce the fair value of the asset below its carrying amount. Goodwill and intangible assets with indefinite useful lives would be written down to fair value if considered impaired. Intangible assets with finite useful lives are amortized to their estimated residual values over such finite lives, and reviewed for impairment whenever events or circumstances warrant such a review. Refer to Note to the Consolidated Financial Statements No. 12, Goodwill and Intangible Assets.

Investments

Investments in marketable securities are stated at fair value. Fair value is determined using quoted market prices at the end of the reporting period and, when appropriate, exchange rates at that date. Unrealized gains and losses on marketable equity securities are recorded in earnings. Unrealized gains and losses on marketable debt securities classified as available-for-sale are recorded in AOCL, net of tax. Our investments in TireHub, LLC ("TireHub"), a distribution joint venture in the U.S., and ACTR Company Limited, a tire manufacturing joint venture in Vietnam, are accounted for under the equity method.

We regularly review our investments to determine whether a decline in fair value below their recorded amount is other than temporary. If the decline in fair value is judged to be other than temporary, the investment is written down to fair value and the amount of the write-down is included in the Consolidated Statements of Operations. Refer to Notes to the Consolidated Financial Statements No. 13, Other Assets and Investments, No. 17, Fair Value Measurements, and No. 22, Reclassifications out of Accumulated Other Comprehensive Loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method. Additions and improvements that substantially extend the useful life of property, plant and equipment, and interest costs incurred during the construction period of major projects are capitalized. Government grants to us that are predominately related to capital expenditures are recorded as reductions of the cost of the associated assets. Repair and maintenance costs are expensed as incurred. Property, plant and equipment are depreciated to their estimated residual values over their estimated useful lives, and reviewed for impairment whenever events or circumstances warrant such a review. Depreciation expense for property, plant and equipment was $862 million, $857 million and $793 million in 2021, 2020 and 2019, respectively. Refer to Notes to the Consolidated Financial Statements No. 5, Interest Expense, and No. 14, Property, Plant and Equipment.

Leases

Effective January 1, 2019, we adopted, using the modified retrospective adoption approach, an accounting standards update with new guidance relating to leases. Our adoption of this standards update resulted in adjustments that increased Total Assets by $873 million, increased Long Term Debt and Finance Leases by $14 million, and decreased Goodyear Shareholders' Equity and Total Shareholders' Equity by $23 million.

We determine if an arrangement is or contains a lease at inception. We enter into leases primarily for our distribution facilities, manufacturing equipment, administrative offices, retail stores, vehicles and data processing equipment under varying terms and conditions. Our leases have remaining lease terms of less than 1 year to approximately 50 years. Most of our leases include options to extend the lease, with renewal terms ranging from 1 to 50 years or more, and some include options to terminate the lease within 1 year. If it is reasonably certain that an option to extend or terminate a lease will be exercised, that option is considered in the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet, and we recognize short-term lease expense for these leases on a straight-line basis over the lease term.

Certain of our lease agreements include variable lease payments, generally based on consumer price indices. Variable lease payments that are assigned to an index are determined based on the initial index at commencement, and the variability based on changes in the index is accounted for as it changes. The variable portion of payments is not included in the initial measurement of the right-of-use asset or lease liability due to the uncertainty of the payment amount and are recorded as lease expense in the period incurred. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. We have lease agreements with lease and non-lease components, which are accounted for separately.

Operating leases are included in Operating Lease Right-of-Use ("ROU") Assets, Operating Lease Liabilities due Within One Year and Operating Lease Liabilities on our Consolidated Balance Sheets. Finance leases are included in Property, Plant and Equipment, Long Term Debt and Finance Leases due Within One Year, and Long Term Debt and Finance Leases on our Consolidated Balance Sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Generally, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments, unless there is a rate stated in the lease agreement. Operating lease expense is recognized on a straight-line basis over the lease term. Refer to Note to the Consolidated Financial Statements No. 15, Leases.

Foreign Currency Translation

The functional currency for most subsidiaries outside the United States is the local currency. Financial statements of these subsidiaries are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for revenues, expenses, gains and losses. The U.S. dollar is used as the functional currency in countries with a history of high inflation and in countries that predominantly sell into the U.S. dollar export market. For all operations, gains or losses from remeasuring foreign currency transactions into the functional currency are included in Other (Income) Expense. Translation adjustments are recorded in AOCL. Income taxes are generally not provided for foreign currency translation adjustments.

Derivative Financial Instruments and Hedging Activities

To qualify for hedge accounting, hedging instruments must be designated as hedges and meet defined correlation and effectiveness criteria. These criteria require that the anticipated cash flows and/or changes in fair value of the hedging instrument substantially offset those of the position being hedged.

Derivative contracts are reported at fair value on the Consolidated Balance Sheets as Accounts Receivable, Other Assets, Other Current Liabilities or Other Long Term Liabilities. Deferred gains and losses on contracts designated as cash flow hedges are recorded net of tax in AOCL.

Interest Rate Contracts — Gains and losses on contracts designated as cash flow hedges are initially deferred and recorded in AOCL. Amounts are transferred from AOCL and recognized in income as Interest Expense in the same period that the hedged item is recognized in income. Gains and losses on contracts designated as fair value hedges are recognized in income in the current period as Interest Expense. Gains and losses on contracts with no hedging designation are recorded in the current period in Other (Income) Expense.

Foreign Currency Contracts — Gains and losses on contracts designated as cash flow hedges are initially deferred and recorded in AOCL. Amounts are transferred from AOCL and recognized in income in the same period and on the same line that the hedged item is recognized in income. Gains and losses on contracts designated as fair value hedges, excluding premiums and discounts, are recorded in Other (Income) Expense in the current period. Gains and losses on contracts with no hedging designation are also recorded in Other (Income) Expense in the current period. We do not include premiums or discounts on forward currency contracts in our assessment of hedge effectiveness. Premiums and discounts on contracts designated as hedges are recorded in AOCL. The amounts are recognized in the Statement of Operations on a straight-line basis over the life of the contract on the same line that the hedged item is recognized in the Statement of Operations.

Net Investment Hedging — Nonderivative instruments denominated in foreign currencies are used from time to time to hedge net investments in foreign subsidiaries. Gains and losses on these instruments are deferred and recorded in AOCL as Foreign Currency Translation Adjustments. These gains and losses are only recognized in income upon the complete or partial sale of the related investment or the complete liquidation of the investment.

Termination of Contracts — Gains and losses (including deferred gains and losses in AOCL) are recognized in Other (Income) Expense when contracts are terminated concurrently with the termination of the hedged position. To the extent that such position remains outstanding, gains and losses are amortized to Interest Expense or to Other (Income) Expense over the remaining life of that position. Gains and losses on contracts that we temporarily continue to hold after the early termination of a hedged position, or that otherwise no longer qualify for hedge accounting, are recognized in Other (Income) Expense. Refer to Note to the Consolidated Financial Statements No. 16, Financing Arrangements and Derivative Financial Instruments.

Stock-Based Compensation

We measure compensation cost arising from the grant of stock-based awards to employees at fair value and recognize such cost in income over the period during which the service is provided, usually the vesting period. We recognize compensation expense using the straight-line approach.

Stock-based awards to employees include grants of performance share units, restricted stock units and stock options. We measure the fair value of grants of performance share units and restricted stock units based primarily on the closing market price of a share of our common stock on the date of the grant, modified as appropriate to take into account the features of such grants.

We estimate the fair value of stock options using the Black-Scholes valuation model. Assumptions used to estimate compensation expense are determined as follows:

- Expected term represents the period of time that options granted are expected to be outstanding based on our historical experience of option exercises;
- Expected volatility is measured using the weighted average of historical daily changes in the market price of our common stock over the expected term of the award and implied volatility calculated for our exchange traded options with an expiration date greater than one year;
- Risk-free interest rate is equivalent to the implied yield on zero-coupon U.S. Treasury bonds with a remaining maturity equal to the expected term of the awards; and
- Forfeitures are based substantially on the history of cancellations of similar awards granted in prior years.

Refer to Note to the Consolidated Financial Statements No. 19, Stock Compensation Plans.

Earnings Per Share of Common Stock

Basic earnings per share are computed based on the weighted average number of common shares outstanding. As part of the Cooper Tire acquisition in June 2021, Goodyear issued approximately 46 million shares of common stock. This issuance is included in our weighted average shares outstanding balance, prorated for 2021 since the Closing Date. Diluted earnings per share primarily reflects the dilutive impact of outstanding stock options and other stock based awards. All earnings per share amounts in these notes to the consolidated financial statements are diluted, unless otherwise noted. Refer to Note to the Consolidated Financial Statements No. 8, Earnings Per Share.

Fair Value Measurements

Valuation Hierarchy

Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date.

- Level 1 — Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 — Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Investments

Where quoted prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government bonds, certain mortgage products and exchange-traded equities. If quoted market prices are not available, fair values are estimated using quoted prices of securities with similar characteristics or inputs other than quoted prices that are observable for the security, and would be classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities would be classified within Level 3 of the valuation hierarchy.

Derivative Financial Instruments

Exchange-traded derivative financial instruments that are valued using quoted prices would be classified within Level 1 of the valuation hierarchy. Derivative financial instruments valued using internally-developed models that use as their basis readily observable market parameters are classified within Level 2 of the valuation hierarchy. Derivative financial instruments that are valued based upon models with significant unobservable market parameters, and that are normally traded less actively, would be classified within Level 3 of the valuation hierarchy. Refer to Notes to the Consolidated Financial Statements No. 16, Financing Arrangements and Derivative Financial Instruments, and No. 17, Fair Value Measurements.

Reclassifications and Adjustments

Certain items previously reported in specific financial statement captions have been reclassified to conform to the current presentation. In the second quarter of 2021, we recorded an out of period adjustment of $8 million of income related to accrued freight charges in Americas. Additionally, in the first quarter of 2021, we recorded out of period adjustments totaling $20 million of expense, primarily related to the valuation of inventory in Americas. The adjustments relate to the years, and interim periods therein, of 2016 to 2020. The adjustments did not have a material effect on any of the periods impacted.

Note 2. Cooper Tire Acquisition

On June 7, 2021, we completed our acquisition of all of the outstanding shares of common stock of Cooper Tire pursuant to the terms of the Merger Agreement. Cooper Tire's results of operations have been included in our consolidated financial statements since the Closing Date. Cooper Tire stockholders received $41.75 per share in cash and a fixed exchange ratio of 0.907 shares of Goodyear common stock per share of Cooper Tire common stock (the "Merger Consideration") as consideration pursuant to the terms of the Merger Agreement, which amounted to approximately $3.1 billion. The acquisition will expand Goodyear's product offering by combining two portfolios of complementary brands.

We used the net proceeds from the issuance of new senior notes with an aggregate principal amount of $1.45 billion, together with cash on hand and borrowings under our first lien revolving credit facility, to finance the acquisition of Cooper Tire and related transaction costs. For further information regarding the new senior notes and the first lien revolving credit facility, refer to Note to the Consolidated Financial Statements No. 16, Financing Arrangements and Derivative Financial Instruments.

The calculation of the Merger Consideration is as follows:

(In millions, except share and per share amounts)	Shares	Per Share (4)	Total
Cash paid for Cooper Tire Shares(1)			$ 2,121
Cash paid for other Cooper Tire incentive compensation awards(2)			34
Cash component of the Merger Consideration			$ 2,155
Shares of Goodyear Common Stock issued to Cooper Tire Stockholders(3)	46,060,349	$ 20.46	942
Merger Consideration			**$ 3,097**

(1) The cash component of the Merger Consideration is computed based on 100% of the outstanding shares of Cooper Tire common stock as of the Closing Date, including shares issuable pursuant to the conversion of certain equity-based awards outstanding under Cooper Tire's equity-based incentive compensation plans ("Cooper Tire Shares"), being exchanged, in part, for the per share cash amount of $41.75. Awards outstanding under Cooper Tire equity-based incentive compensation plans that were converted include Cooper Tire restricted stock units and Cooper Tire performance stock units. These Cooper Tire equity-based awards were canceled and each share equivalent unit was converted, as appropriate, into the Merger Consideration.

(In millions, except share and per share amounts)	Shares	Per Share	Total
Shares of Cooper Tire Common Stock outstanding	50,523,922		
Shares issuable pursuant to conversion of share units outstanding under Cooper Tire equity-based compensation plans	269,238		
Cooper Tire Shares	50,793,160	$ 41.75	$ 2,121

(2) Cash consideration for the settlement of outstanding Cooper Tire stock options, Cooper Tire performance cash units and Cooper Tire notional deferred stock units, all of which were cancelled at the Closing Date and paid in cash.

(3) The stock component of the Merger Consideration is computed based on a fixed exchange ratio of 0.907 shares of Goodyear common stock per Cooper Tire Share being exchanged. Shares issued of 46,060,349 are comprised of 45,824,480 newly issued shares and 235,869 shares issued from treasury.

	Shares	Exchange Ratio	Total
Cooper Tire Shares	50,793,160		
Less: Cooper Tire Shares settled in cash(5)	9,975		
	50,783,185	0.907	46,060,349

(4) Represents the closing market price of our common stock as of June 4, 2021, the last trading day prior to the Closing Date.

(5) Represents fractional and certain other shares that were settled in cash.

The following table presents supplemental cash flow information related to the acquisition of Cooper Tire:

(In millions)	
Cash component of the Merger Consideration	$ 2,155
Less:	
Cash acquired	231
Restricted cash acquired	68
Acquisition of Cooper Tire, net of cash and restricted cash acquired	**$ 1,856**

The Consolidated Statements of Cash Flows are presented net of the stock component of the Merger Consideration, which represents a non-cash transaction.

Under the acquisition method of accounting, the Merger Consideration is allocated, as of the Closing Date, to the identifiable assets acquired and liabilities assumed of Cooper Tire, which are recognized and measured at fair value based on management's estimates, available information, and supportable assumptions that management considers reasonable. Certain of these fair value estimates, including those related to Property, Plant and Equipment, certain liabilities and Goodwill, are preliminary and dependent upon management completing further analyses and studies. Given the complex nature of the related valuations and analyses to be completed and the timing of the acquisition, the preliminary purchase price allocation is subject to change. The final valuation of assets acquired and liabilities assumed may be materially different from the estimated values shown below.

Since the initial measurement of the identified assets acquired and liabilities assumed, progress was made in completing certain of our additional valuations and analyses. As such, we updated our initial allocation of the Merger Consideration that was completed during the second quarter of 2021. Principle changes include (i) decreasing the value attributed to customer relationships primarily to reflect updated assumptions related to customer attrition rates, (ii) updating the value attributed to trade names to reflect our long-term view of how each acquired brand fits into the overall product portfolio of the combined company and the appropriate royalty rate to value each acquired brand based on expected profitability, (iii) decreasing the value attributed to Property, Plant and Equipment primarily to reflect updated assumptions related to the estimated economic value of certain underlying assets, (iv) decreasing the value attributed to pension and other postretirement benefit liabilities primarily to reflect updated plan population data, (v) increasing the value attributed to a liability for environmental matters primarily to reflect updated estimated lifecycle remediation cost data, and (vi) a reclassification between Accounts Receivable and Accounts Payable to conform to Goodyear's classification of customer rebate and discount program liabilities. These adjustments were recorded net of adjustments to Deferred Tax Liabilities with the corresponding offset recorded to Goodwill, as applicable.

The following table sets forth measurement period changes since the second quarter of 2021, as well as the updated and initial preliminary allocation of the Merger Consideration to the estimated fair value of the identifiable tangible and intangible assets acquired and liabilities assumed of Cooper Tire, with the excess recorded to Goodwill, as of the Closing Date:

(In millions)	Updated Purchase Price Allocation	Measurement Period Changes	Initial Purchase Price Allocation
Cash and Cash Equivalents	$ 231	$ —	$ 231
Accounts Receivable	541	(80)	621
Inventories	695	2	693
Property, Plant and Equipment	1,348	(24)	1,372
Goodwill	618	143	475
Intangible Assets	926	(160)	1,086
Other Assets	357	(5)	362
	4,716	(124)	4,840
Accounts Payable — Trade	381	(83)	464
Compensation and Benefits	356	(30)	386
Debt, Finance Leases and Notes Payable and Overdrafts	151	—	151
Deferred Tax Liabilities, net	292	(55)	347
Other Liabilities	418	44	374
Minority Equity	21	—	21
	1,619	(124)	1,743
Merger Consideration	**$ 3,097**	**$ —**	**$ 3,097**

The estimated value of Inventory includes adjustments totaling $232 million, comprised of $122 million, primarily to adjust inventory valued on a last-in, first-out ("LIFO") basis to a current cost basis, and $110 million to step-up inventory to estimated fair value. The fair value step-up was fully amortized to CGS in 2021 as the related inventory was sold, which negatively impacted our 2021 results. We have eliminated the LIFO reserve on Cooper Tire's U.S. inventories as we predominately determine the value of our inventory using the first-in, first-out ("FIFO") method. To estimate the fair value of inventory, we considered the components of Cooper Tire's inventory, as well as estimates of selling prices and selling and distribution costs that were based on Cooper Tire's historical experience.

The estimated value of Property, Plant and Equipment includes adjustments totaling $138 million to increase the net book value of $1,210 million to the preliminary fair value estimate of $1,348 million. This estimate is based on a combination of cost and market approaches, including appraisals, and preliminary expectations as to the duration of time we expect to realize benefits from those assets, as we continue to assess the underlying condition of Cooper Tire's fixed assets.

The estimated fair values of identifiable intangible assets acquired were prepared using an income valuation approach, which requires a forecast of expected future cash flows either through the use of the relief-from-royalty method or the multi-period excess earnings method. The estimated useful lives are based on our historical experience and expectations as to the duration of time we expect to realize benefits from those assets.

The estimated fair values of the identifiable intangible assets acquired, their weighted average estimated useful lives and the related valuation methodology are as follows:

(In millions)	Updated Fair Value	Measurement Period Changes	Initial Fair Value	Weighted Average Useful Lives	Valuation Methodology
Trade names (indefinite-lived)	$ 560	$ 250	$ 310	N/A	Relief-from-royalty
Trade names (definite-lived)	10	(30)	40	14 years	Relief-from-royalty
Customer relationships	350	(380)	730	12 years	Multi-period excess earnings
Non-compete and other	6	—	6	2 years	Discounted cash flow
	$ 926	$ (160)	$ 1,086		

At the Closing Date, all of the calculated Goodwill of $618 million was allocated to our Americas segment. The goodwill consists of expected future economic benefits that will arise from expected future product sales, operating efficiencies and other synergies that may result from the Merger, including income tax synergies, and is not deductible for tax purposes.

Net sales and earnings related to Cooper Tire's operations that have been included in our Consolidated Statements of Operations for the period from the Closing Date through December 31, 2021 are as follows:

(In millions)	Year Ended December 31, 2021
Net Sales	$ 2,126
Income (Loss) before Income Taxes	166
Goodyear Net Income (Loss)	135

During the year ended December 31, 2021, we incurred transaction and other costs in connection with the Merger totaling $56 million, including $10 million for a commitment fee related to a bridge term loan facility that was not utilized to finance the transaction and $6 million related to the post-combination settlement of certain Cooper Tire incentive compensation awards during the second quarter of 2021. For the year ended December 31, 2021, $50 million of these costs are included in Other (Income) Expense, with the remainder included in CGS and SAG in our Consolidated Statements of Operations.

Pro forma financial information

The following table summarizes, on a pro forma basis, the combined results of operations of Goodyear and Cooper Tire as though the acquisition and the related financing had occurred as of January 1, 2020. The pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition of Cooper Tire occurred on January 1, 2020, nor are they indicative of future consolidated operating results.

	Year Ended December 31,	
(In millions)	2021	2020
Net Sales	$ 18,732	$ 14,902
Income (Loss) before Income Taxes	791	(1,281)
Goodyear Net Income (Loss)	974	(1,369)

These pro forma amounts have been calculated after applying Goodyear's accounting policies and making certain adjustments, which primarily include: (i) depreciation adjustments relating to fair value step-ups to property, plant and equipment; (ii) amortization adjustments relating to fair value estimates of acquired intangible assets; (iii) incremental interest expense associated with the $1.45 billion senior note issuance and additional borrowings under our first lien revolving credit facility used, in part, to fund the acquisition, related debt issuance costs, and fair value adjustments related to Cooper Tire's debt; (iv) CGS adjustments relating to fair value step-ups to inventory and the change from LIFO to FIFO; (v) executive severance and stock-based compensation that was accelerated and settled on the Closing Date; and (vi) transaction related costs of both Goodyear and Cooper Tire.

Note 3. Net Sales

The following table shows disaggregated net sales from contracts with customers by major source for the year ended December 31, 2021:

(In millions)	Americas	Europe, Middle East and Africa	Asia Pacific	Total
Tire unit sales	$ 8,221	$ 4,669	$ 2,027	$ 14,917
Other tire and related sales	653	454	95	1,202
Retail services and service related sales	587	112	59	758
Chemical sales	569	—	—	569
Other	21	8	3	32
Net Sales by reportable segment	**$ 10,051**	**$ 5,243**	**$ 2,184**	**$ 17,478**

The following table shows disaggregated net sales from contracts with customers by major source for the year ended December 31, 2020:

(In millions)	Americas	Europe, Middle East and Africa	Asia Pacific	Total
Tire unit sales(1)	$ 5,138	$ 3,611	$ 1,590	$ 10,339
Other tire and related sales	549	309	98	956
Retail services and service related sales	538	95	55	688
Chemical sales	317	—	—	317
Other	14	5	2	21
Net Sales by reportable segment	**$ 6,556**	**$ 4,020**	**$ 1,745**	**$ 12,321**

(1) Americas tire unit sales for 2020 include a gain of $34 million for a one-time legal settlement.

The following table shows disaggregated net sales from contracts with customers by major source for the year ended December 31, 2019:

(In millions)	Americas	Europe, Middle East and Africa	Asia Pacific	Total
Tire unit sales	$ 6,300	$ 4,300	$ 1,924	$ 12,524
Other tire and related sales	659	363	117	1,139
Retail services and service related sales	535	39	70	644
Chemical sales	403	—	—	403
Other	25	6	4	35
Net Sales by reportable segment	**$ 7,922**	**$ 4,708**	**$ 2,115**	**$ 14,745**

Tire unit sales consist of consumer, commercial, farm and off-the-road tire sales, including the sale of new Company-branded tires through Company-owned retail channels. Other tire and related sales consist of aviation, race and motorcycle tire sales, retread sales and other tire related sales. Sales of tires in this category are not included in reported tire unit information. Retail services and service related sales consist of automotive services performed for customers through our Company-owned retail channels, and includes service related products. Chemical sales relate to the sale of synthetic rubber and other chemicals to third parties, and exclude intercompany sales. Other sales include items such as franchise fees and ancillary tire parts.

When we receive consideration from a customer prior to transferring goods or services under the terms of a sales contract, we record deferred revenue, which represents a contract liability. Deferred revenue included in Other Current Liabilities in the Consolidated Balance Sheets totaled $23 million at both December 31, 2021 and 2020. Deferred revenue included in Other Long Term Liabilities in the Consolidated Balance Sheets totaled $21 million and $27 million at December 31, 2021 and 2020, respectively. We recognize deferred revenue after we have transferred control of the goods or services to the customer and all revenue recognition criteria are met.

The following table presents the balances of deferred revenue related to contracts with customers, and changes during the years ended December 31:

(In millions)	2021	2020
Balance at January 1	**$ 50**	**$ 54**
Revenue deferred during period	211	169
Revenue recognized during period	(217)	(173)
Impact of foreign currency translation	—	—
Balance at December 31	**$ 44**	**$ 50**

Note 4. Costs Associated with Rationalization Programs

In order to maintain our global competitiveness, we have implemented rationalization actions over the past several years to reduce high-cost and excess manufacturing capacity and operating and administrative costs.

The following table presents the roll-forward of the liability balance between periods:

(In millions)	Associate-Related Costs	Other Costs	Total
Balance at December 31, 2018	**$ 80**	**$ 1**	**$ 81**
2019 charges[(1)]	185	19	204
Incurred, net of foreign currency translation of $(2) million and $0 million, respectively	(41)	(20)	(61)
Reversed to the Statement of Operations	(4)	—	(4)
Balance at December 31, 2019	**$ 220**	**$ —**	**$ 220**
2020 charges[(1)]	129	27	156
Incurred, net of foreign currency translation of $12 million and $0 million, respectively	(147)	(27)	(174)
Reversed to the Statement of Operations	(2)	—	(2)
Balance at December 31, 2020	**$ 200**	**$ —**	**$ 200**
2021 charges	52	43	95
Incurred, net of foreign currency translation of $(8) million and $0 million, respectively	(162)	(43)	(205)
Reversed to the Statement of Operations	(2)	—	(2)
Balance at December 31, 2021	**$ 88**	**$ —**	**$ 88**

(1) Charges of $156 million and $204 million in 2020 and 2019, respectively, both exclude $5 million of benefit plan curtailments and settlements recorded in Rationalizations in the Statements of Operations.

During the first quarter of 2021, we approved a plan primarily designed to reduce SAG in Europe, Middle East, and Africa ("EMEA"). We have $16 million accrued related to this plan at December 31, 2021, which is expected to be substantially paid within the next twelve months.

During the first quarter of 2021, we increased by $32 million the estimated total cost of our previously announced plan to permanently close our Gadsden, Alabama tire manufacturing facility ("Gadsden"), primarily to reflect our decision to transfer additional machinery and equipment from Gadsden to other tire manufacturing facilities. We have $14 million accrued at December 31, 2021 related to this plan, which is expected to be substantially paid within the next twelve months. During the first and second quarters of 2021, we increased by $29 million the estimated total cost of our previously announced plan to modernize two of our tire manufacturing facilities in Germany, primarily to increase expected associate severance costs based on the actual payout history and the mix of associates electing lump sum vs. annuity settlements. We have $24 million accrued at December 31, 2021 related to this plan, which is expected to be substantially paid within the next twelve months.

The remainder of the accrual balance at December 31, 2021 is expected to be substantially utilized in the next 12 months and includes $9 million related to global plans to reduce SAG headcount, $5 million related to the closed Amiens, France tire manufacturing facility, $5 million related to plans to reduce manufacturing headcount and improve operating efficiency in EMEA, and $3 million related to a plan primarily to offer voluntary buy-outs to certain associates at Gadsden.

The following table shows net rationalization charges included in Income (Loss) before Income Taxes:

(In millions)	2021	2020	2019
Current Year Plans			
Associate severance and other related costs	$ 19	$ 77	$ 183
Benefit plan curtailment and special termination benefits	—	9	5
Other exit and non-cancelable lease costs	—	16	11
Current Year Plans - Net Charges	**$ 19**	**$ 102**	**$ 199**
Prior Year Plans			
Associate severance and other related costs	$ 31	$ 50	$ (2)
Benefit plan curtailment and special termination benefits	—	(4)	—
Other exit and non-cancelable lease costs	43	11	8
Prior Year Plans - Net Charges	**$ 74**	**$ 57**	**$ 6**
Total Net Charges	**$ 93**	**$ 159**	**$ 205**
Asset write-off and accelerated depreciation charges	$ 1	$ 105	$ 15

Substantially all of the new charges in 2021 related to future cash outflows. Current year plan charges for the year ended December 31, 2021 primarily related to a plan to reduce SAG headcount in EMEA.

Net prior year plan charges recognized in the year ended December 31, 2021 include $37 million related to Gadsden, $26 million related to the modernization of two of our tire manufacturing facilities in Germany, and $10 million related to various plans to reduce manufacturing headcount and improve operating efficiency in EMEA. Net prior year plan charges also include reversals of $2 million for actions no longer needed for their originally intended purposes.

Ongoing rationalization plans had approximately $830 million in charges through 2021 and approximately $40 million is expected to be incurred in future periods.

Approximately 60 associates will be released under new plans initiated in 2021, of which approximately 15 were released through December 31, 2021. In 2021, approximately 300 associates were released under plans initiated in prior years. Approximately 200 associates remain to be released under all ongoing rationalization plans.

Rationalization activities initiated in 2020 include current year charges primarily related to the permanent closure of Gadsden. Net prior year plan charges recognized in 2020 include $30 million related to additional termination benefits for associates at the closed Amiens, France tire manufacturing facility. In addition, net prior year plan charges include $19 million related to the plan to modernize two of our tire manufacturing facilities in Germany, $5 million related to a plan primarily to offer voluntary buy-outs to certain associates at Gadsden, and $3 million related to the closure of our tire manufacturing facility in Philippsburg, Germany. Net prior year plan charges for the year ended December 31, 2020 also include reversals of $2 million for actions no longer needed for their originally intended purposes and a curtailment credit of $4 million for a postretirement benefit plan related to the exit of employees under an approved rationalization plan.

Rationalization activities initiated in 2019 include current year charges of $105 million related to the plan to modernize two of our tire manufacturing facilities in Germany, $76 million related to the Gadsden voluntary buy-out plan, and $18 million related to separate plans to reduce manufacturing headcount and improve operating efficiency in Americas and EMEA. Net prior year plan charges recognized in the year ended December 31, 2019 include $10 million primarily related to EMEA manufacturing plans. Net prior year plan charges for the year ended December 31, 2019 also include reversals of $4 million for actions no longer needed for their originally intended purposes.

Asset write-off and accelerated depreciation charges in 2020 and 2019 primarily related to Gadsden. Asset write-off and accelerated depreciation charges for all periods were recorded in CGS.

Note 5. Interest Expense

Interest expense includes interest and the amortization of deferred financing fees and debt discounts, less amounts capitalized, as follows:

(In millions)	2021	2020	2019
Interest expense before capitalization	$ 403	$ 339	$ 351
Capitalized interest	(16)	(15)	(11)
	$ 387	**$ 324**	**$ 340**

Cash payments for interest, net of amounts capitalized, were $316 million, $315 million and $324 million in 2021, 2020 and 2019, respectively.

Note 6. Other (Income) Expense

(In millions)	2021	2020	2019
Non-service related pension and other postretirement benefits cost	$ 92	$ 110	$ 118
Interest income on a favorable indirect tax ruling in Brazil	(48)	—	(8)
Financing fees and financial instruments expense	39	26	34
Net foreign currency exchange (gains) losses	29	(9)	(22)
General and product liability expense - discontinued products	—	10	11
Royalty income	(24)	(19)	(19)
Net (gains) losses on asset sales	(20)	2	(16)
Interest income	(24)	(14)	(18)
Transaction costs	40	—	—
Miscellaneous (income) expense	10	13	18
	$ 94	**$ 119**	**$ 98**

Non-service related pension and other postretirement benefits cost consists primarily of the interest cost, expected return on plan assets and amortization components of net periodic cost, as well as curtailments and settlements which are not related to rationalization plans. Non-service related pension and other postretirement benefits cost includes net pension settlement and curtailment charges of $43 million, $18 million and $6 million in 2021, 2020 and 2019, respectively. For further information, refer to Note to the Consolidated Financial Statements No. 18, Pension, Other Postretirement Benefits and Savings Plans.

We, along with other companies, had previously filed various claims with the Brazilian tax authorities challenging the legality of the government's calculation of certain indirect taxes. During the second quarter of 2021, the Brazilian Supreme Court rendered a final ruling that was favorable to companies on certain of the remaining open aspects of these claims. As a result of this ruling, we recorded a gain in CGS of $69 million and related interest income of $48 million in Other (Income) Expense. During 2019, there were previous favorable rulings related to certain aspects of these claims. As a result, we recorded a gain of $11 million in CGS and related interest income of $8 million in Other (Income) Expense in 2019.

Financing fees and financial instruments expense consists of commitment fees and charges incurred in connection with financing transactions. Financing fees and financial instruments expense in 2021 include a $10 million charge for a commitment fee on a bridge term loan facility related to the Cooper Tire acquisition that was not utilized and was terminated upon the closing of the transaction.

Net foreign currency exchange (gains) losses include $7 million of expense in the first quarter of 2021 related to the out of period adjustments discussed in Note to the Consolidated Financial Statements No. 1, Accounting Policies.

General and product liability expense - discontinued products, which consists of charges for claims against us related primarily to asbestos personal injury claims, net of probable insurance recoveries, decreased primarily due to actuarial adjustments in 2021 to reflect favorable claim count trends.

Net (gains) losses on asset sales of $(20) million in 2021 primarily relate to the sale of land in Hanau, Germany.

Transaction costs include legal, consulting and other expenses incurred by us in connection with the Cooper Tire acquisition.

Miscellaneous (income) expense for the year ended December 31, 2021 includes an insurance settlement of $(10) million. Miscellaneous (income) expense for the year ended December 31, 2019 includes expenses of $25 million incurred by the Company as a direct result of flooding at our Beaumont, Texas chemical facility during the third quarter of 2019.

Other (Income) Expense also includes royalty income, which is derived primarily from licensing arrangements, and interest income.

Note 7. Income Taxes

The components of Income (Loss) before Income Taxes follow:

(In millions)	2021	2020	2019
U.S.	$ (102)	$ (993)	$ (39)
Foreign	615	(147)	216
	$ 513	**$ (1,140)**	**$ 177**

A reconciliation of income taxes at the U.S. statutory rate to United States and Foreign Tax Expense (Benefit) follows:

(In millions)	2021	2020	2019
U.S. federal income tax expense (benefit) at the statutory rate of 21%	$ 108	$ (239)	$ 37
Net establishment (release) of U.S. valuation allowances	(340)	310	(98)
Deferred tax impact of enacted tax rate and law changes	(61)	(18)	3
Adjustment for foreign income taxed at different rates	24	7	16
Net establishment (release) of uncertain tax positions	(6)	6	7
U.S. charges (benefits) related to foreign tax credits, R&D and foreign derived intangible deduction	(4)	(9)	(17)
Net foreign losses (income) with no tax due to valuation allowances	3	37	48
State income taxes, net of U.S. federal benefit	1	(17)	(1)
Net establishment (release) of foreign valuation allowances	(1)	—	140
Goodwill impairment	—	34	—
Federal and state tax on accelerated royalty income transaction	—	—	334
Other	9	(1)	5
United States and Foreign Tax Expense (Benefit)	**$ (267)**	**$ 110**	**$ 474**

The components of United States and Foreign Tax Expense (Benefit) by taxing jurisdiction, follow:

(In millions)	2021	2020	2019
Current:			
Federal	$ 1	$ (5)	$ —
Foreign	166	95	134
State	37	(3)	17
	204	**87**	**151**
Deferred:			
Federal	(362)	63	133
Foreign	(23)	(31)	153
State	(86)	(9)	37
	(471)	23	**323**
United States and Foreign Tax Expense (Benefit)	**$ (267)**	**$ 110**	**$ 474**

Income tax benefit in 2021 was $267 million on income before income taxes of $513 million. In 2021, income tax benefit includes net discrete benefits totaling $409 million, including a reduction in our valuation allowances of $340 million for certain U.S. deferred tax assets for foreign tax credits and state tax loss carryforwards, a $39 million benefit to adjust our deferred tax assets in England for a second quarter enacted change in the tax rate, a $21 million benefit to reflect an increase in our estimated state tax rate used in calculating our U.S. net deferred tax assets as a result of a change in the overall mix of our earnings by state after including the impact of the acquisition of Cooper Tire, an $8 million benefit related to a favorable court ruling in Brazil, and a net benefit of $1 million for various other items.

In 2020, income tax expense of $110 million was unfavorably impacted by net discrete tax expense totaling $305 million, including the establishment of a $295 million valuation allowance on certain deferred tax assets for foreign tax credits during the first quarter of 2020. Discrete tax expense also includes a net charge of $10 million, including a $15 million charge related to a U.S. valuation allowance for state tax loss carryforwards, a $13 million benefit to adjust our deferred tax assets in England for a third quarter enacted change in the tax rate, and various other net charges totaling $8 million.

In 2019, income tax expense of $474 million was unfavorably impacted by net discrete tax expense totaling $386 million. Discrete tax expense includes non-cash charges of $334 million related to an acceleration of royalty income in the U.S. from the sale of certain European royalty payments to Luxembourg and $150 million related to an increase in our valuation allowance on tax losses in Luxembourg, which were partially offset by a non-cash tax benefit of $98 million related to a reduction of our U.S. valuation allowance for foreign tax credits.

We consider both positive and negative evidence when measuring the need for a valuation allowance. The weight given to the evidence is commensurate with the extent to which it may be objectively verified. Current and cumulative financial reporting results are a source of objectively verifiable evidence. We give operating results during the most recent three-year period a significant weight in our analysis. We typically only consider forecasts of future profitability when positive cumulative operating results exist in the most recent three-year period. We perform scheduling exercises to determine if sufficient taxable income of the appropriate character exists in the periods required in order to realize our deferred tax assets with limited lives (such as tax loss carryforwards and tax credits) prior to their expiration. We also consider prudent tax planning strategies (including an assessment of their feasibility) to accelerate taxable income if required to utilize expiring deferred tax assets. A valuation allowance is not required to the extent that, in our judgment, positive evidence exists with a magnitude and duration sufficient to result in a conclusion that it is more likely than not that our deferred tax assets will be realized.

At both December 31, 2021 and 2020, we had approximately $1.2 billion of U.S. federal, state and local net deferred tax assets, net of valuation allowances totaling $26 million in 2021, primarily for state tax loss carryforwards with limited lives, and $368 million in 2020, primarily for foreign tax credits with limited lives. The increase in our U.S. net deferred tax assets as a result of the reduction in valuation allowances during 2021 was largely offset by the establishment of deferred tax liabilities related to the Cooper Tire acquisition. In the U.S., we have a cumulative loss for the three-year period ending December 31, 2021. However, as the three-year cumulative loss in the U.S. is driven by business disruptions created by the COVID-19 pandemic, primarily in 2020, and only include the favorable impact of the Cooper Tire acquisition since the Closing Date, we also considered other objectively verifiable information in assessing our ability to utilize our net deferred tax assets, including recent favorable recovery trends in the tire industry and our tire volume as well as expected continued improvement. In addition, the Cooper Tire acquisition has generated significant incremental domestic earnings since the Closing Date and provides opportunities for cost and other operating synergies to further improve our U.S. profitability.

At December 31, 2021, our U.S. net deferred tax assets include approximately $339 million of foreign tax credits with limited lives, net of valuation allowances of $3 million. At December 31, 2020, our U.S. net deferred tax assets include $133 million of foreign tax credits with limited lives, net of valuation allowances of $328 million. Our earnings and forecasts of future profitability, taking into consideration recent trends, along with three significant sources of foreign income provide us sufficient positive evidence that we will be able to utilize our foreign tax credits that expire through 2030. Our sources of foreign income are (1) 100% of our domestic profitability can be re-characterized as foreign source income under current U.S. tax law to the extent domestic losses have offset foreign source income in prior years, (2) annual net foreign source income, exclusive of dividends, primarily from royalties, and (3) tax planning strategies, including capitalizing research and development costs, accelerating income on cross border transactions, including sales of inventory or raw materials to our subsidiaries, and reducing U.S. interest expense by, for example, reducing intercompany loans through repatriating current year earnings of foreign subsidiaries, all of which would increase our domestic profitability.

During the fourth quarter of 2021, we completed an intercompany sale of certain intellectual property. As a result of this transaction, U.S. taxable income for 2021 includes approximately $1.5 billion of accelerated income. External specialists assisted management with this transaction. The federal tax charge of $315 million related to this accelerated income was fully offset by the utilization of existing deferred tax assets, including $205 million related to tax loss carryforwards, which were primarily generated in 2020 as a result of a significant tax loss in the U.S. driven by the macroeconomic impacts of the COVID-19 pandemic, and $110 million of foreign tax credits.

Tax loss carryforwards must be utilized prior to foreign tax credits and other tax assets for tax purposes. Considering the magnitude of tax loss carryforwards that were utilized by this transaction, together with our earnings and other sources of income described above, we concluded that it is more likely than not that we will be able to utilize, prior to their expiration, certain U.S. tax assets. Accordingly, during the fourth quarter of 2021, we reduced U.S. valuation allowances by $325 million related to foreign tax credits and $15 million related to state tax loss carryforwards.

We consider our current forecasts of future profitability in assessing our ability to realize our deferred tax assets, including our foreign tax credits. As noted above, these forecasts include the impact of recent trends, including various macroeconomic factors such as the impact of the COVID-19 pandemic, on our profitability, as well as the impact of tax planning strategies. Macroeconomic factors, including the impact of the COVID-19 pandemic, possess a high degree of volatility and can significantly impact our profitability. As such, there is a risk that future earnings will not be sufficient to fully utilize our U.S. net deferred tax assets, including our foreign tax credits. However, we believe our forecasts of future profitability along with the three significant sources of foreign income described above provide us sufficient positive, objectively verifiable evidence to conclude that it is more likely than not that, at December 31, 2021, our U.S. net deferred tax assets, including our foreign tax credits, net of valuation allowances, will be fully utilized.

At both December 31, 2021 and 2020, we also had approximately $1.3 billion of foreign net deferred tax assets, and valuation allowances of $1.0 billion and $1.1 billion, respectively. Our losses in various foreign taxing jurisdictions in recent periods represented sufficient negative evidence to require us to maintain a full valuation allowance against certain of these

net foreign deferred tax assets. Most notably, in Luxembourg, we maintain a valuation allowance of approximately $885 million on all of our net deferred tax assets. Each reporting period, we assess available positive and negative evidence and estimate if sufficient future taxable income will be generated to utilize these existing deferred tax assets. We do not believe that sufficient positive evidence required to release valuation allowances having a significant impact on our financial position or results of operations will exist within the next twelve months.

Temporary differences and carryforwards giving rise to deferred tax assets and liabilities at December 31 follow:

(In millions)	2021	2020
Tax loss carryforwards and credits	$ 1,274	$ 1,570
Prepaid royalty income	534	629
Capitalized research and development expenditures	453	421
Partnership basis differences	364	—
Accrued expenses deductible as paid	331	255
Postretirement benefits and pensions	126	209
Lease liabilities	101	76
Rationalizations and other provisions	26	34
Vacation and sick pay	25	21
Other	98	133
	3,332	**3,348**
Valuation allowance	(1,044)	(1,469)
Total deferred tax assets	**2,288**	**1,879**
Property basis differences	(503)	(420)
Intangible property basis differences related to Cooper Tire acquisition	(227)	—
Right-of-use assets	(96)	(75)
Tax on undistributed earnings of subsidiaries	(1)	(1)
Total net deferred tax assets	**$ 1,461**	**$ 1,383**

At December 31, 2021, we had $748 million of tax assets for net operating loss, capital loss and tax credit carryforwards related to certain foreign subsidiaries. These carryforwards are primarily from countries with unlimited carryforward periods, but include $61 million of tax credit carryforwards in various European countries that are subject to expiration from 2022 to 2031. A valuation allowance totaling $1,018 million has been recorded against these and other deferred tax assets where recovery of the asset or carryforward is uncertain. In addition, we had $444 million of federal and $82 million of state tax assets for net operating loss and tax credit carryforwards. The federal carryforwards include $339 million of foreign tax credits that are subject to expiration from 2023 to 2030 and $105 million of tax assets related to research and development credits and other federal credits that are subject to expiration from 2030 to 2041. The state carryforwards include $66 million that are subject to expiration from 2022 to 2040. A valuation allowance of $26 million has been recorded against federal and state deferred tax assets where recovery is uncertain.

At December 31, 2021, we had unrecognized tax benefits of $90 million that if recognized, would have a favorable impact on our tax expense of $61 million. We had accrued interest of $2 million as of December 31, 2021. If not favorably settled, $15 million of the unrecognized tax benefits and all the accrued interest would require the use of our cash. Included in the increases related to prior year tax positions is $13 million related to the acquisition of Cooper Tire. We do not expect changes during 2022 to our unrecognized tax benefits to have a significant impact on our financial position or results of operations. A summary of our unrecognized tax benefits and changes during the year follows:

(In millions)	2021	2020	2019
Balance at January 1	**$ 85**	**$ 82**	**$ 71**
Increases related to prior year tax positions	28	26	24
Decreases related to prior year tax positions	(12)	(1)	—
Settlements	(5)	(15)	(11)
Foreign currency impact	(7)	(7)	(2)
Increases related to current year tax positions	3	—	—
Lapse of statute of limitations	(2)	—	—
Balance at December 31	**$ 90**	**$ 85**	**$ 82**

We are open to examination in the U.S. for 2021 and in Germany from 2018 onward. Generally, for our remaining tax jurisdictions, years from 2016 onward are still open to examination.

We have undistributed earnings and profits of our foreign subsidiaries totaling approximately $2.2 billion at December 31, 2021. We have concluded that no provision for tax in the U.S. is required because substantially all of the remaining undistributed earnings and profits have been or will be reinvested in property, plant and equipment and working capital outside of the U.S. A foreign withholding tax charge of approximately $100 million (net of foreign tax credits) would be required if these earnings and profits were to be distributed to the U.S.

Net cash payments for income taxes were $201 million, $45 million and $142 million in 2021, 2020 and 2019, respectively.

Note 8. Earnings Per Share

Basic earnings per share are computed based on the weighted average number of common shares outstanding. Diluted earnings per share are calculated to reflect the potential dilution that could occur if securities or other contracts were exercised or converted into common stock.

Basic and diluted earnings per common share are calculated as follows:

(In millions, except per share amounts)	2021	2020	2019
Earnings (loss) per share — basic:			
Goodyear net income (loss)	$ 764	$ (1,254)	$ (311)
Weighted average shares outstanding	261	234	233
Earnings (loss) per common share — basic	**$ 2.92**	**$ (5.35)**	**$ (1.33)**
Earnings (loss) per share — diluted:			
Goodyear net income (loss)	$ 764	$ (1,254)	$ (311)
Weighted average shares outstanding	261	234	233
Dilutive effect of stock options and other dilutive securities	3	—	—
Weighted average shares outstanding — diluted	264	234	233
Earnings (loss) per common share — diluted	**$ 2.89**	**$ (5.35)**	**$ (1.33)**

Weighted average shares outstanding — diluted for 2021 excludes approximately 2 million equivalent shares related to options with exercise prices greater than the average market price of our common shares (i.e., "underwater" options). There were approximately 9 million and 2 million equivalent shares related to underwater options for 2020 and 2019, respectively. Additionally, weighted average shares outstanding — diluted for 2019 excludes the dilutive effect of approximately 3 million equivalent shares related primarily to options with exercise prices less than the average market price of our common shares (i.e., "in-the-money" options), as their inclusion would have been anti-dilutive due to the Goodyear net loss. There were no in-the-money options for 2020.

Note 9. Business Segments

Segment information reflects our strategic business units ("SBUs"), which are organized to meet customer requirements and global competition. For the year ended December 31, 2021, we operated our business through three operating segments representing our regional tire businesses: Americas; Europe, Middle East and Africa; and Asia Pacific. Segment information is reported on the basis used for reporting to our Chief Executive Officer. Each of the three regional business segments is involved in the development, manufacture, distribution and sale of tires. Certain of the business segments also provide related products and services, which include retreads and automotive and commercial truck maintenance and repair services. Each segment also exports tires to other segments. Since the Closing Date, Cooper Tire's operating results have been incorporated into each of our SBUs.

Americas manufactures and sells tires for automobiles, trucks, buses, earthmoving, mining and industrial equipment, aircraft, and for various other applications throughout North, Central and South America. Americas also provides related products and services including retreaded tires, tread rubber, and automotive and commercial truck maintenance and repair services, as well as sells chemical and natural rubber products to our other business segments and to unaffiliated customers.

EMEA manufactures and sells tires for automobiles, trucks, buses, aircraft, motorcycles, and earthmoving, mining and industrial equipment throughout Europe, the Middle East and Africa. EMEA also sells retreaded aviation tires, retreading and related services for commercial truck and earthmoving, mining and industrial equipment, and automotive maintenance and repair services.

Asia Pacific manufactures and sells tires for automobiles, trucks, buses, aircraft, farm, and earthmoving, mining and industrial equipment throughout the Asia Pacific region. Asia Pacific also provides related products and services including retreaded truck and aviation tires, tread rubber, and automotive maintenance and repair services.

The following table presents segment sales and operating income (loss), and the reconciliation of segment operating income (loss) to Income (Loss) before Income Taxes:

(In millions)	2021	2020	2019
Sales			
Americas	$ 10,051	$ 6,556	$ 7,922
Europe, Middle East and Africa	5,243	4,020	4,708
Asia Pacific	2,184	1,745	2,115
Net Sales	**$ 17,478**	**$ 12,321**	**$ 14,745**
Segment Operating Income (Loss)			
Americas	$ 914	$ 9	$ 550
Europe, Middle East and Africa	239	(72)	202
Asia Pacific	135	49	193
Total Segment Operating Income (Loss)	**$ 1,288**	**$ (14)**	**$ 945**
Less:			
Goodwill and Other Asset Impairments (Notes 12 and 13)	—	330	—
Rationalizations (Note 4)	93	159	205
Interest expense (Note 5)	387	324	340
Other (income) expense (Note 6)	94	119	98
Asset write-offs and accelerated depreciation (Note 4)	1	105	15
Corporate incentive compensation plans	87	44	50
Retained expenses of divested operations	12	8	10
Other(1)	101	37	50
Income (Loss) before Income Taxes	**$ 513**	**$ (1,140)**	**$ 177**

(1) Primarily represents unallocated corporate costs and the elimination of $22 million, $17 million and $17 million for the years ended December 31, 2021, 2020 and 2019, respectively, of royalty income attributable to the SBUs. The increase for the year ended December 31, 2021 was driven by the acquisition of Cooper Tire.

The following table presents segment assets at December 31:

(In millions)	2021	2020
Assets		
Americas	$ 10,874	$ 6,666
Europe, Middle East and Africa	4,953	4,825
Asia Pacific	3,125	2,725
Total Segment Assets	**18,952**	**14,216**
Corporate(1)	2,450	2,290
	$ 21,402	**$ 16,506**

(1) Corporate includes substantially all of our U.S. net deferred tax assets.

Increases in total segment assets for 2021 were driven by the acquisition of Cooper Tire.

Results of operations are measured based on net sales to unaffiliated customers and segment operating income. Each segment exports tires to other segments. The financial results of each segment exclude sales of tires exported to other segments, but include operating income derived from such transactions. Segment operating income is computed as follows: Net sales less CGS (excluding asset write-offs and accelerated depreciation charges) and SAG (including certain allocated corporate administrative expenses). Segment operating income also includes certain royalties and equity in earnings of most affiliates. Segment operating income does not include net rationalization charges, asset sales, goodwill and other asset impairment charges and certain other items.

The following table presents geographic information. Net sales by country were determined based on the location of the selling subsidiary. Long-lived assets consisted of property, plant and equipment. Management did not consider the net sales

of any individual country outside the United States to be significant to the consolidated financial statements. For long-lived assets, only the United States, China and Germany were considered to be significant.

(In millions)	2021	2020	2019
Net Sales			
United States	$ 8,480	$ 5,424	$ 6,489
Other international	8,998	6,897	8,256
	$ 17,478	**$ 12,321**	**$ 14,745**
Long-Lived Assets			
United States	$ 3,717	$ 2,517	
China	833	742	
Germany	679	729	
Other international	3,116	3,085	
	$ 8,345	**$ 7,073**	

At December 31, 2021, significant concentrations of cash and cash equivalents held by our international subsidiaries included the following amounts:

- $320 million or 29% in Americas, primarily Chile, Mexico, Brazil and Canada ($384 million or 25% at December 31, 2020),
- $317 million or 29% in Asia Pacific, primarily China, Japan and India ($387 million or 25% at December 31, 2020), and
- $161 million or 15% in EMEA, primarily England and Poland ($387 million or 25% at December 31, 2020).

Goodwill and other asset impairments, as described in Notes to the Consolidated Financial Statements No. 12, Goodwill and Intangible Assets, and No. 13, Other Assets and Investments; rationalizations, as described in Note to the Consolidated Financial Statements No. 4, Costs Associated with Rationalization Programs; net (gains) losses on asset sales, as described in Note to the Consolidated Financial Statements No. 6, Other (Income) Expense, and asset write-offs and accelerated depreciation were not charged (credited) to the SBUs for performance evaluation purposes but were attributable to the SBUs as follows:

(In millions)	2021	2020	2019
Goodwill and Other Asset Impairments			
Americas	$ —	$ 148	$ —
Europe, Middle East and Africa	—	182	—
Total Segment Goodwill and Other Asset Impairments	**$ —**	**$ 330**	**$ —**

(In millions)	2021	2020	2019
Rationalizations			
Americas	$ 38	$ 94	$ 90
Europe, Middle East and Africa	49	59	115
Asia Pacific	—	4	—
Total Segment Rationalizations	**$ 87**	**$ 157**	**$ 205**
Corporate	6	2	—
	$ 93	**$ 159**	**$ 205**

(In millions)	2021	2020	2019
Net (Gains) Losses on Asset Sales			
Americas	$ (1)	$ —	$ —
Europe, Middle East and Africa	(13)	2	(16)
Total Segment Asset Sales	**$ (14)**	**$ 2**	**$ (16)**
Corporate	(6)	—	—
	$ (20)	**$ 2**	**$ (16)**

(In millions)	2021	2020	2019
Asset Write-Offs and Accelerated Depreciation			
Americas	$ —	$ 103	$ 13
Europe, Middle East and Africa	1	2	2
Total Segment Asset Write-Offs and Accelerated Depreciation	**$ 1**	**$ 105**	**$ 15**

The following tables present segment capital expenditures and depreciation and amortization:

(In millions)	2021	2020	2019
Capital Expenditures			
Americas	$ 537	$ 302	$ 369
Europe, Middle East and Africa	270	235	227
Asia Pacific	135	91	141
Total Segment Capital Expenditures	**$ 942**	**$ 628**	**$ 737**
Corporate	39	19	33
	$ 981	**$ 647**	**$ 770**

(In millions)	2021	2020	2019
Depreciation and Amortization			
Americas	$ 486	$ 490	$ 430
Europe, Middle East and Africa	213	201	197
Asia Pacific	146	133	133
Total Segment Depreciation and Amortization	**$ 845**	**$ 824**	**$ 760**
Corporate	38	35	35
	$ 883	**$ 859**	**$ 795**

The following table presents segment equity in the net (income) loss of investees accounted for by the equity method:

(In millions)	2021	2020	2019
Equity in (Income) Loss			
Americas	$ (18)	$ 31	$ 32
Asia Pacific	(4)	—	—
Total Segment Equity in (Income) Loss	**$ (22)**	**$ 31**	**$ 32**

Increases in total segment equity in (income) loss for 2021 were driven by improved profitability of our TireHub joint venture in Americas and the addition of our ACTR Company Limited joint venture in Asia Pacific as a result of the acquisition of Cooper Tire.

Note 10. Accounts Receivable

(In millions)	2021	2020
Accounts receivable	$ 2,510	$ 1,841
Allowance for doubtful accounts	(123)	(150)
	$ 2,387	**$ 1,691**

Note 11. Inventories

(In millions)	2021	2020
Raw materials	$ 958	$ 517
Work in process	191	143
Finished goods	2,445	1,493
	$ 3,594	**$ 2,153**

Note 12. Goodwill and Intangible Assets

The following table presents the net carrying amount of goodwill allocated by segment, and changes during 2021:

(In millions)	Balance at December 31, 2020	Acquisitions	Divestitures	Impairment	Translation	Balance at December 31, 2021
Americas(1)	$ 91	$ 618	$ —	$ —	$ —	$ 709
Europe, Middle East and Africa	250	—	—	—	(19)	231
Asia Pacific	67	—	—	—	(3)	64
	$ 408	**$ 618**	**$ —**	**$ —**	**$ (22)**	**$ 1,004**

(1) The increase during 2021 was due to the acquisition of Cooper Tire. For further information, refer to Note to the Consolidated Financial Statements No. 2, Cooper Tire Acquisition.

The following table presents the net carrying amount of goodwill allocated by segment, and changes during 2020:

(In millions)	Balance at December 31, 2019	Acquisitions	Divestitures	Impairment	Translation	Balance at December 31, 2020
Americas	$ 91	$ —	$ —	$ —	$ —	$ 91
Europe, Middle East and Africa	411	10	—	(182)	11	250
Asia Pacific	63	—	—	—	4	67
	$ 565	**$ 10**	**$ —**	**$ (182)**	**$ 15**	**$ 408**

The following table presents information about intangible assets:

	2021			2020		
(In millions)	Gross Carrying Amount(1)	Accumulated Amortization(1)	Net Carrying Amount	Gross Carrying Amount(1)	Accumulated Amortization(1)	Net Carrying Amount
Intangible assets with indefinite lives	$ 684	$ (6)	$ 678	$ 125	$ (6)	$ 119
Customer relationships	350	(18)	332	—	—	—
Trademarks and patents	32	(18)	14	23	(19)	4
Other intangible assets	32	(17)	15	25	(13)	12
	$ 1,098	**$ (59)**	**$ 1,039**	**$ 173**	**$ (38)**	**$ 135**

(1) Includes impact of foreign currency translation.

Intangible assets are primarily comprised of the rights to use the Cooper and Dunlop brand names and related trademarks, Cooper Tire customer relationships, and certain other brand names and trademarks. Increases in 2021 were primarily due to the acquisition of Cooper Tire. For further information, refer to Note to the Consolidated Financial Statements No. 2, Cooper Tire Acquisition.

Amortization expense for intangible assets totaled $21 million in 2021 and $2 million in 2020 and 2019. We estimate that annual amortization expense related to intangible assets will be $36 million in 2022, and an average of $32 million in 2023 through 2026. The weighted average remaining amortization period is approximately 15 years.

Our annual impairment analysis for 2021, including the acquisition of Cooper Tire, indicated no impairment of goodwill or intangible assets with indefinite lives.

In 2020, we recorded a non-cash goodwill impairment charge of $182 million related to our EMEA reporting unit. Our annual impairment analysis for 2019 indicated no impairment of goodwill or intangible assets with indefinite lives.

Note 13. Other Assets and Investments

Dividends received from our consolidated subsidiaries were $177 million, $155 million and $43 million in 2021, 2020 and 2019, respectively. Dividends received in 2021 were primarily from Brazil, Singapore and Peru and paid to the United States. Dividends received in 2020 were primarily from Singapore, Peru and Brazil and paid to the United States. Dividends received in 2019 were primarily from Singapore and Brazil and paid to the United States. Dividends received from our affiliates accounted for using the equity method were $6 million, $5 million and $4 million in 2021, 2020 and 2019, respectively.

Investment in TireHub

The carrying value of our investment in TireHub was $72 million and $77 million at December 31, 2021 and 2020, respectively, and was included in Other Assets on our Consolidated Balance Sheets. In addition, we had an outstanding loan receivable from TireHub of $14 million at December 31, 2020, which was also included in Other Assets on our Consolidated Balance Sheets.

Our investment in TireHub is accounted for under the equity method of accounting and, as such, includes our 50% share of the net income (losses) of TireHub, which totaled $4 million, $(36) million and $(33) million in 2021, 2020 and 2019, respectively.

In 2020, we recorded a non-cash impairment charge of $148 million related to our investment in Tirehub. We concluded that there was no additional other-than-temporary decline in the fair value of our investment in Tirehub during 2021.

Investment in ACTR Company Limited

As part of the Cooper Tire acquisition, Goodyear acquired a 35% equity interest in ACTR Company Limited, a tire manufacturing joint venture in Vietnam, valued at $58 million at December 31, 2021. Our investment in ACTR is accounted for under the equity method of accounting and, as such, includes our 35% share of the net income (losses) of ACTR, which totaled $4 million in 2021.

Other Assets

Other Assets at December 31, 2020 included $30 million related to a trade receivable from a customer that was refinanced into a collateral-backed note receivable. This note was repaid in full with interest during 2021.

Note 14. Property, Plant and Equipment

	2021			2020		
(In millions)	Owned	Finance Leases	Total	Owned	Finance Leases	Total
Property, plant and equipment:[1]						
Land	$ 552	$ 1	$ 553	$ 436	$ 1	$ 437
Buildings	2,681	232	2,913	2,467	232	2,699
Machinery and equipment	14,893	31	14,924	13,893	29	13,922
Construction in progress	785	—	785	737	—	737
	18,911	264	19,175	17,533	262	17,795
Accumulated depreciation	(11,066)	(64)	(11,130)	(10,931)	(60)	(10,991)
	7,845	200	8,045	6,602	202	6,804
Spare parts[1]	300	—	300	269	—	269
	$ 8,145	**$ 200**	**$ 8,345**	**$ 6,871**	**$ 202**	**$ 7,073**

(1) Increases during 2021 were driven by the Cooper Tire acquisition.

The range of useful lives of property used in arriving at the annual amount of depreciation is as follows: buildings and improvements, 3 to 45 years; and machinery and equipment, 3 to 40 years.

Note 15. Leases

The components of lease expense included in Income (Loss) before Income Taxes for the years ended December 31, 2021, 2020 and 2019 are as follows:

(In millions)	2021	2020	2019
Operating Lease Expense	$ 295	$ 286	$ 292
Finance Lease Expense:			
Amortization of ROU assets	9	11	11
Interest on lease liabilities	21	21	21
Short Term Lease Expense	11	6	6
Variable Lease Expense	8	3	7
Sublease Income	(11)	(11)	(15)
Total Lease Expense	**$ 333**	**$ 316**	**$ 322**

Supplemental cash flow information related to leases for the years ended December 31, 2021 and 2020 is as follows:

(In millions)	2021	2020	2019
Cash Paid for Amounts Included in the Measurement of Lease Liabilities			
Operating Cash Flows for Operating Leases	$ 278	$ 268	$ 267
Operating Cash Flows for Finance Leases	21	21	21
Financing Cash Flows for Finance Leases	6	7	7
ROU Assets Obtained in Exchange for Lease Obligations			
Operating Leases	378	202	197
Finance Leases	14	3	34

Supplemental balance sheet information related to leases as of December 31, 2021 and 2020 is as follows:

(In millions, except lease term and discount rate)	2021	2020
Operating Leases		
Operating Lease ROU Assets	**$ 981**	**$ 851**
Operating Lease Liabilities due Within One Year	$ 204	$ 198
Operating Lease Liabilities	819	684
Total Operating Lease Liabilities	**$ 1,023**	**$ 882**
Finance Leases		
Property, Plant and Equipment, at cost	$ 264	$ 262
Accumulated Depreciation	(64)	(60)
Property, Plant and Equipment, net	**$ 200**	**$ 202**
Long Term Debt and Finance Leases due Within One Year	$ 18	$ 18
Long Term Debt and Finance Leases	237	232
Total Finance Lease Liabilities	**$ 255**	**$ 250**
Weighted Average Remaining Lease Term (years)		
Operating Leases	7.5	7.3
Finance Leases	30.1	30.9
Weighted Average Discount Rate		
Operating Leases	6.30%	6.85%
Finance Leases	8.40%	8.48%

Future maturities of our lease liabilities, excluding subleases, as of December 31, 2021 are as follows:

(In millions)	Operating Leases	Finance Leases
2022	$ 255	$ 37
2023	212	24
2024	171	23
2025	137	22
2026	110	22
Thereafter	428	652
Total Lease Payments	**1,313**	**780**
Less: Imputed Interest	290	525
Total	**$ 1,023**	**$ 255**

As of December 31, 2021, we have additional operating and finance leases that have not yet commenced for which the present value of lease payments over the respective lease terms totals $1 million. Accordingly, these leases are not recorded on the Consolidated Balance Sheets at December 31, 2021. These leases will commence in 2022 and 2023 with lease terms of 1 year to 8 years.

Note 16. Financing Arrangements and Derivative Financial Instruments

At December 31, 2021, we had total credit arrangements of $11,628 million, of which $4,345 million were unused. At that date, 15% of our debt was at variable interest rates averaging 4.01%.

Notes Payable and Overdrafts, Long Term Debt and Finance Leases due Within One Year and Short Term Financing Arrangements

At December 31, 2021, we had short term committed and uncommitted credit arrangements totaling $1,004 million, of which $560 million were unused. These arrangements are available primarily to certain of our foreign subsidiaries through various banks at quoted market interest rates.

The following table presents amounts due within one year:

(In millions)	December 31, 2021	December 31, 2020
Chinese credit facilities	$ 37	$ 163
Other foreign and domestic debt	369	243
Notes Payable and Overdrafts	**$ 406**	**$ 406**
Weighted average interest rate	2.78%	4.52%
Chinese credit facilities	$ 124	$ 13
Other foreign and domestic debt (including finance leases)	219	139
Long Term Debt and Finance Leases due Within One Year	**$ 343**	**$ 152**
Weighted average interest rate	5.25%	4.43%
Total obligations due within one year	**$ 749**	**$ 558**

Long Term Debt and Finance Leases and Financing Arrangements

At December 31, 2021, we had long term credit arrangements totaling $10,624 million, of which $3,785 million were unused.

The following table presents long term debt and finance leases, net of unamortized discounts, and interest rates:

	December 31, 2021		December 31, 2020	
(In millions)	Amount	Interest Rate	Amount	Interest Rate
Notes:				
5.125% due 2023	$ —		$ 1,000	
3.75% Euro Notes due 2023	—		307	
9.5% due 2025	802		803	
5% due 2026	900		900	
4.875% due 2027	700		700	
7.625% due 2027	135		—	
7% due 2028	150		150	
2.75% Euro Notes due 2028	454		—	
5% due 2029	850		—	
5.25% due April 2031	550		—	
5.25% due July 2031	600		—	
5.625% due 2033	450		—	
Credit Facilities:				
First lien revolving credit facility due 2026	—	—	—	—
Second lien term loan facility due 2025	—	—	400	2.15%
European revolving credit facility due 2024	—	—	—	—
Pan-European accounts receivable facility	279	1.08%	291	1.18%
Mexican credit facility	158	1.85%	152	1.87%
Chinese credit facilities	333	4.34%	212	4.49%
Other foreign and domestic debt(1)	430	6.05%	451	3.22%
	6,791		5,366	
Unamortized deferred financing fees	(55)		(32)	
	6,736		5,334	
Finance lease obligations(2)	255		250	
	6,991		5,584	
Less portion due within one year	(343)		(152)	
	$ 6,648		**$ 5,432**	

(1) Interest rates are weighted average interest rates related to various foreign credit facilities with customary terms and conditions.

(2) Includes non-cash financing additions of $14 million and $3 million during the twelve month period ended December 31, 2021 and 2020, respectively.

NOTES

$1.0 billion 5.125% Senior Notes due 2023

On May 6, 2021, we repaid in full our $1.0 billion 5.125% senior notes due 2023 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest to the redemption date.

€250 million 3.75% Senior Notes due 2023 of Goodyear Europe B.V. ("GEBV")

On October 28, 2021, we repaid in full GEBV's €250 million 3.75% senior notes due 2023 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest to the redemption date.

$800 million 9.5% Senior Notes due 2025

At December 31, 2021, $800 million aggregate principal amount of 9.5% senior notes due 2025 were outstanding. $600 million of these notes were sold at 100% of the principal amount and $200 million of these notes were sold at 101.75% of the principal amount at an effective yield of 9.056%. These notes will mature on May 31, 2025. These notes are unsecured senior obligations and are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. first lien revolving credit facility described below.

We have the option to redeem these notes, in whole or in part, at any time on or after May 31, 2022 at a redemption price of 104.75%, 102.375% and 100% during the 12-month periods commencing on May 31, 2022, 2023 and 2024 and thereafter, respectively, plus accrued and unpaid interest to the redemption date. Prior to May 31, 2022, we may redeem these notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium and accrued and unpaid interest to the redemption date. In addition, prior to May 31, 2022, we may redeem up to 35% of the original aggregate principal amount of these notes from the net cash proceeds of certain equity offerings at a redemption price equal to 109.5% of the principal amount plus accrued and unpaid interest to the redemption date.

The terms of the indenture for these notes, among other things, limit the ability of the Company and certain of its subsidiaries, including GEBV, to (i) incur additional debt or issue redeemable preferred stock, (ii) pay dividends, repurchase shares or make certain other restricted payments or investments, (iii) incur liens, (iv) sell assets, (v) incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us, (vi) enter into affiliate transactions, (vii) engage in sale and leaseback transactions, and (viii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications. For example, if these notes are assigned an investment grade rating from at least two of Moody's, Standard and Poor's and Fitch and no default has occurred and is continuing, certain covenants will be suspended and we may elect to suspend the subsidiary guarantees. The indenture has customary defaults, including a cross-default to material indebtedness of Goodyear and our subsidiaries.

$900 million 5% Senior Notes due 2026

At December 31, 2021, $900 million aggregate principal amount of 5% senior notes due 2026 were outstanding. These notes were sold at 100% of the principal amount and will mature on May 31, 2026. These notes are unsecured senior obligations and are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. first lien revolving credit facility described below.

We have the option to redeem these notes, in whole or in part, at any time at a redemption price of 102.5%, 101.667%, 100.833% and 100% during the 12-month periods commencing on May 31, 2021, 2022, 2023 and 2024 and thereafter, respectively, plus accrued and unpaid interest to the redemption date.

The indenture for these notes includes covenants that are substantially similar to those contained in the indenture governing our 9.5% senior notes due 2025, described above.

$700 million 4.875% Senior Notes due 2027

At December 31, 2021, $700 million aggregate principal amount of 4.875% senior notes due 2027 were outstanding. These notes were sold at 100% of the principal amount and will mature on March 15, 2027. These notes are unsecured senior obligations and are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. first lien revolving credit facility described below.

We have the option to redeem these notes, in whole or in part, at any time prior to their maturity. If we elect to redeem the notes prior to December 15, 2026, we will pay a redemption price equal to the greater of 100% of the principal amount of the notes redeemed or the sum of the present values of the remaining scheduled payments on the notes redeemed, discounted using a defined treasury rate plus 50 basis points, plus in either case accrued and unpaid interest to the redemption date. If we elect to redeem the notes on or after December 15, 2026, we will pay a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date.

The terms of the indenture for these notes, among other things, limit our ability and the ability of certain of our subsidiaries to (i) incur certain liens, (ii) engage in sale and leaseback transactions, and (iii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications.

$117 million 7.625% Senior Notes due 2027 of Cooper Tire

Following the Cooper Tire acquisition and at December 31, 2021, $117 million aggregate principal amount of Cooper Tire's 7.625% senior notes due 2027 were outstanding. These notes also included a $19 million fair value step-up, which is being amortized against interest expense over the remaining life of the notes. Amortization since the Closing Date was approximately $1 million. These notes will mature on March 15, 2027 and are unsecured senior obligations of Cooper Tire. These notes are not redeemable prior to maturity.

The terms of the indenture for these notes, among other things, limit the ability of Cooper Tire and certain of its subsidiaries to (i) incur certain liens, (ii) enter into certain sale/leaseback transactions and (iii) consolidate, merge, sell or otherwise dispose of all or substantially all of their assets. These covenants are subject to significant exceptions and qualifications.

$150 million 7% Senior Notes due 2028

At December 31, 2021, $150 million aggregate principal amount of 7% notes due 2028 were outstanding. These notes are unsecured senior obligations and will mature on March 15, 2028.

We have the option to redeem these notes, in whole or in part, at any time at a redemption price equal to the greater of 100% of the principal amount thereof or the sum of the present values of the remaining scheduled payments thereon, discounted using a defined treasury rate plus 15 basis points, plus in either case accrued and unpaid interest to the redemption date.

The terms of the indenture for these notes, among other things, limit our ability and the ability of certain of our subsidiaries to (i) incur secured debt, (ii) engage in sale and leaseback transactions, and (iii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications.

€400 million 2.75% Senior Notes due 2028 of GEBV

On September 28, 2021, we issued €400 million in aggregate principal amount of GEBV 2.75% senior notes due 2028. A portion of the net proceeds from these notes were used to redeem GEBV's €250 million 3.75% senior notes due 2023 on October 28, 2021. The notes were sold at 100% of the principal amount and will mature on August 15, 2028. These notes are unsecured senior obligations of GEBV and are guaranteed, on an unsecured senior basis, by the Company and our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. first lien revolving credit facility described below.

We have the option to redeem these notes, in whole or in part, at any time on or after August 15, 2024 at a redemption price of 101.375%, 100.688%, and 100% during the 12-month periods commencing on August 15, 2024, 2025, and 2026 and thereafter, respectively, plus accrued and unpaid interest to the redemption date. Prior to August 15, 2024, we may redeem these notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium and accrued and unpaid interest to the redemption date. In addition, prior to August 15, 2024, we may redeem up to 35% of the original aggregate principal amount of these notes from the net cash proceeds of certain equity offerings at a redemption price equal to 102.75% of the principal amount plus accrued and unpaid interest to the redemption date.

The indenture for these notes includes covenants that are substantially similar to those contained in the indenture governing our 4.875% senior notes due 2027, described above.

$850 million 5% Senior Notes due 2029 and $600 million 5.25% Senior Notes due July 2031

On May 18, 2021, we issued $850 million in aggregate principal amount of 5% senior notes due 2029 and $600 million in aggregate principal amount of 5.25% senior notes due 2031. The net proceeds from these notes, together with cash and cash equivalents and borrowings under our first lien revolving credit facility, were used to fund the cash portion of the Merger Consideration for the acquisition of Cooper Tire and related transaction costs. These notes were sold at 100% of the principal amount and will mature on July 15, 2029 and 2031, respectively. These notes are unsecured senior obligations and are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. first lien revolving credit facility described below.

We have the option to redeem these notes, in whole or in part, at any time prior to their maturity. If we elect to redeem these notes prior to three months before their maturity date, we will pay a redemption price equal to the greater of 100% of the principal amount of the notes redeemed or the sum of the present values of the remaining scheduled payments on the notes redeemed, discounted using a defined treasury rate plus 50 basis points, plus in either case accrued and unpaid interest to the redemption date. If we elect to redeem these notes on or after three months before their maturity date, we will pay a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date.

The indenture for these notes includes covenants that are substantially similar to those contained in the indenture governing our 4.875% senior notes due 2027, described above.

$550 million 5.25% Senior Notes due April 2031 and $450 million 5.625% Senior Notes due 2033

On April 6, 2021, we issued $550 million in aggregate principal amount of 5.25% senior notes due 2031 and $450 million in aggregate principal amount of 5.625% senior notes due 2033. The proceeds from these notes, together with cash and cash equivalents, were used to redeem our $1.0 billion 5.125% senior notes due 2023 on May 6, 2021. These notes were sold at 100% of the principal amount and will mature on April 30, 2031 and 2033, respectively. These notes are unsecured senior obligations and are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. first lien revolving credit facility described below.

We have the option to redeem these notes, in whole or in part, at any time prior to their maturity. If we elect to redeem these notes prior to three months before their maturity date, we will pay a redemption price equal to the greater of 100% of the principal amount of the notes redeemed or the sum of the present values of the remaining scheduled payments on the notes redeemed, discounted using a defined treasury rate plus 50 basis points, plus in either case accrued and unpaid interest to the redemption date. If we elect to redeem these notes on or after three months before their maturity date, we will pay a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date.

The indenture for these notes includes covenants that are substantially similar to those contained in the indenture governing our 4.875% senior notes due 2027, described above.

CREDIT FACILITIES

$2.75 billion Amended and Restated First Lien Revolving Credit Facility due 2026

On June 7, 2021, we amended and restated our $2.0 billion first lien revolving credit facility. Changes to the facility include extending the maturity to June 8, 2026, increasing the amount of the facility to $2.75 billion, and including Cooper Tire's accounts receivable and inventory in the borrowing base of the facility. The interest rate for loans under the facility decreased by 50 basis points to LIBOR plus 125 basis points, based on our current liquidity described below.

Our amended and restated first lien revolving credit facility is available in the form of loans or letters of credit. Up to $800 million in letters of credit and $50 million of swingline loans are available for issuance under the facility. Subject to the consent of the lenders whose commitments are to be increased, we may request that the facility be increased by up to $250 million.

Our obligations under the facility are guaranteed by most of our wholly-owned U.S. and Canadian subsidiaries, including Cooper Tire and certain of its subsidiaries. Our obligations under the facility and our subsidiaries' obligations under the related guarantees are secured by first priority security interests in collateral that includes, subject to certain exceptions:

- U.S. and Canadian accounts receivable and inventory;
- certain of our U.S. manufacturing facilities;
- equity interests in our U.S. subsidiaries and up to 65% of the voting equity interests in most of our directly owned foreign subsidiaries; and
- substantially all other tangible and intangible assets, including equipment, contract rights and intellectual property.

Availability under the facility is subject to a borrowing base, which is based on (i) eligible accounts receivable and inventory of The Goodyear Tire & Rubber Company and certain of its U.S. and Canadian subsidiaries, after adjusting for customary factors that are subject to modification from time to time by the administrative agent or the majority lenders at their discretion (not to be exercised unreasonably), (ii) the value of our principal trademarks in an amount not to exceed $400 million, (iii) the value of eligible machinery and equipment, and (iv) certain cash in an amount not to exceed $275 million. Modifications are based on the results of periodic collateral and borrowing base evaluations and appraisals. To the extent that our eligible accounts receivable, inventory and other components of the borrowing base decline in value, our borrowing base will decrease and the availability under the facility may decrease below $2.75 billion. In addition, if the amount of outstanding borrowings and letters of credit under the facility exceeds the borrowing base, we are required to prepay borrowings and/or cash collateralize letters of credit sufficient to eliminate the excess. As of December 31, 2021, our borrowing base, and therefore our availability, under this facility was $417 million below the facility's stated amount of $2.75 billion.

The facility contains covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to (i) incur additional debt or issue redeemable preferred stock, (ii) pay dividends, repurchase shares or make certain other restricted payments or investments, (iii) incur liens, (iv) sell assets, (v) incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us, (vi) enter into affiliate transactions, (vii) engage in sale and leaseback transactions, and (viii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications. In addition, in the event that the availability under the facility plus the aggregate amount of our Available Cash is less than $275 million, we will not be permitted to allow our ratio of EBITDA to Consolidated Interest Expense to be less than 2.0 to 1.0 for any period of four consecutive fiscal quarters. "Available Cash," "EBITDA" and "Consolidated Interest Expense" have the meanings given them in the facility.

The facility has customary representations and warranties including, as a condition to borrowing, that all such representations and warranties are true and correct, in all material respects, on the date of the borrowing, including representations as to no material adverse change in our business or financial condition since December 31, 2020. The facility also has customary defaults, including a cross-default to material indebtedness of Goodyear and our subsidiaries.

If Available Cash (as defined in the facility) plus the availability under the facility is greater than $750 million, amounts drawn under the facility will bear interest, at our option, at (i) 125 basis points over LIBOR or (ii) 25 basis points over an alternative base rate (the higher of (a) the prime rate, (b) the federal funds effective rate or the overnight bank funding rate plus 50 basis points or (c) LIBOR plus 100 basis points). If Available Cash plus the availability under the facility is equal to or less than $750 million, then amounts drawn under the facility will bear interest, at our option, at (i) 150 basis points over LIBOR or (ii) 50 basis points over an alternative base rate. Undrawn amounts under the facility will be subject to an annual commitment fee of 25 basis points.

At December 31, 2021, we had no borrowings and $19 million of letters of credit issued under the revolving credit facility. At December 31, 2020, we had no borrowings and $11 million of letters of credit issued under the revolving credit facility.

Amended and Restated Second Lien Term Loan Facility due 2025

On December 15, 2021, we repaid in full our $400 million second lien term loan facility due 2025.

€800 million Amended and Restated Senior Secured European Revolving Credit Facility due 2024

Our amended and restated European revolving credit facility consists of (i) a €180 million German tranche that is available only to Goodyear Germany GmbH and (ii) a €620 million all-borrower tranche that is available to GEBV, Goodyear Germany and Goodyear Operations S.A. Up to €175 million of swingline loans and €75 million in letters of credit are available for issuance under the all-borrower tranche. Amounts drawn under this facility will bear interest at LIBOR plus 150 basis points for loans denominated in U.S. dollars, EURIBOR plus 150 basis points for loans denominated in euros, and SONIA plus 150 basis points for loans denominated in pounds sterling. Undrawn amounts under the facility are subject to an annual commitment fee of 25 basis points.

GEBV and certain of its subsidiaries in the United Kingdom, Luxembourg, France and Germany provide guarantees to support the facility. GEBV's obligations under the facility and the obligations of its subsidiaries under the related guarantees are secured by security interests in collateral that includes, subject to certain exceptions:

- the capital stock of the principal subsidiaries of GEBV; and
- a substantial portion of the tangible and intangible assets of GEBV and certain of its subsidiaries in the United Kingdom, Luxembourg, France and Germany, including real property, equipment, inventory, contract rights, intercompany receivables and cash accounts, but excluding accounts receivable and certain cash accounts in subsidiaries that are or may become parties to securitization or factoring transactions.

The German guarantors secure the German tranche on a first-lien basis and the all-borrower tranche on a second-lien basis. GEBV and its other subsidiaries that provide guarantees secure the all-borrower tranche on a first-lien basis and generally do not provide collateral support for the German tranche. The Company and its U.S. and Canadian subsidiaries that guarantee our U.S. first lien revolving credit facility described above also provide unsecured guarantees in support of the facility.

The facility contains covenants similar to those in our first lien revolving credit facility, with additional limitations applicable to GEBV and its subsidiaries. In addition, under the facility, GEBV's ratio of Consolidated Net GEBV Indebtedness to Consolidated GEBV EBITDA for a period of four consecutive fiscal quarters is not permitted to be greater than 3.0 to 1.0 at the end of any fiscal quarter. "Consolidated Net GEBV Indebtedness" and "Consolidated GEBV EBITDA" have the meanings given them in the facility.

The facility has customary representations and warranties including, as a condition to borrowing, that all such representations and warranties are true and correct, in all material respects, on the date of the borrowing, including representations as to no material adverse change in our business or financial condition since December 31, 2018. The facility also has customary defaults, including a cross-default to material indebtedness of Goodyear and our subsidiaries.

At December 31, 2021 and 2020, there were no borrowings and no letters of credit outstanding under the European revolving credit facility.

Accounts Receivable Securitization Facilities (On-Balance Sheet)

On October 11, 2021, GEBV and certain other of our European subsidiaries amended and restated the definitive agreements for our pan-European accounts receivable securitization facility, extending the term through 2027. The terms of the facility provide the flexibility to designate annually the maximum amount of funding available under the facility in an amount of not less than €30 million and not more than €450 million. For the period from October 16, 2020 through October 18, 2021, the designated maximum amount of the facility was €280 million. For the period from October 19, 2021 through October 19, 2022, the designated maximum amount of the facility was increased to €300 million.

The facility involves an ongoing daily sale of substantially all of the trade accounts receivable of certain GEBV subsidiaries. These subsidiaries retain servicing responsibilities. Utilization under this facility is based on eligible receivable balances.

The funding commitments under the facility will expire upon the earliest to occur of: (a) October 19, 2027, (b) the non-renewal and expiration (without substitution) of all of the back-up liquidity commitments, (c) the early termination of the facility according to its terms (generally upon an Early Amortisation Event (as defined in the facility), which includes, among other things, events similar to the events of default under our first lien revolving credit facility; certain tax law changes; or certain changes to law, regulation or accounting standards), or (d) our request for early termination of the facility. The facility's current back-up liquidity commitments will expire on October 19, 2022.

At December 31, 2021, the amounts available and utilized under this program totaled $279 million (€246 million). At December 31, 2020, the amounts available and utilized under this program totaled $291 million (€237 million). The program does not qualify for sale accounting, and accordingly, these amounts are included in Long Term Debt and Finance Leases.

Accounts Receivable Factoring Facilities (Off-Balance Sheet)

We have sold certain of our trade receivables under off-balance sheet programs. For these programs, we have concluded that there is generally no risk of loss to us from non-payment of the sold receivables. At December 31, 2021, the gross amount of receivables sold was $605 million, compared to $451 million at December 31, 2020. The increase from December 31, 2020 is primarily due to the increase in our accounts receivable base as a result of the Cooper Tire acquisition and higher sales in our legacy business.

Other Foreign Credit Facilities

A Mexican subsidiary and a U.S. subsidiary have a revolving credit facility in Mexico. At December 31, 2021, the amounts available and utilized under this facility were $200 million and $158 million, respectively. At December 31, 2020, the amounts available and utilized under this facility were $200 million and $152 million, respectively. The facility has covenants relating to the Mexican and U.S. subsidiary, and has customary representations and warranties and default provisions relating to the Mexican and U.S. subsidiary's ability to perform its respective obligations under the facility. The facility matures in 2022; however, our subsidiaries have received a commitment to renew and extend the facility under substantially the same customary representations, warranties and default provisions with a maturity in 2024.

A Chinese subsidiary has several financing arrangements in China. At December 31, 2021 and 2020, the amounts available under these facilities were $958 million and $981 million, respectively. At December 31, 2021, the amount utilized under these facilities was $365 million, of which $32 million represented notes payable and $333 million represented long term debt. At December 31, 2021, $124 million of the long term debt was due within a year. At December 31, 2020, the amount utilized under these facilities was $375 million, of which $163 million represented notes payable and $212 million represented long term debt. At December 31, 2020, $13 million of the long term debt was due within a year. The facilities contain covenants relating to the Chinese subsidiary and have customary representations and warranties and defaults relating to the Chinese subsidiary's ability to perform its obligations under the facilities. Certain of the facilities can only be used to finance the expansion of one of our manufacturing facilities in China and, at December 31, 2021 and 2020, the unused amounts available under these facilities were $81 million and $99 million, respectively. Following the Cooper Tire acquisition, three of Cooper Tire's Chinese credit facilities remain outstanding. At December 31, 2021, the amounts available and utilized under these facilities were $75 million and $5 million, respectively.

Debt Maturities

The annual aggregate maturities of our debt (excluding the impact of deferred financing fees and unamortized discounts) and finance leases for the five years subsequent to December 31, 2021 are presented below. Maturities of debt credit agreements have been reported on the basis that the commitments to lend under these agreements will be terminated effective at the end of their current terms.

(In millions)	2022	2023	2024	2025	2026
U.S.	$ 3	$ 2	$ 160	$ 800	$ 899
Foreign	744	234	172	26	6
	$ 747	**$ 236**	**$ 332**	**$ 826**	**$ 905**

DERIVATIVE FINANCIAL INSTRUMENTS

We utilize derivative financial instrument contracts and nonderivative instruments to manage interest rate, foreign exchange and commodity price risks. We have established a control environment that includes policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. We do not hold or issue derivative financial instruments for trading purposes.

Foreign Currency Contracts

We enter into foreign currency contracts in order to manage the impact of changes in foreign exchange rates on our consolidated results of operations and future foreign currency-denominated cash flows. These contracts may be used to reduce exposure to currency movements affecting existing foreign currency-denominated assets, liabilities, firm commitments and forecasted transactions resulting primarily from trade purchases and sales, equipment acquisitions, intercompany loans and royalty agreements. Contracts hedging short term trade receivables and payables normally have no hedging designation.

The following table presents the fair values for foreign currency hedge contracts that do not meet the criteria to be accounted for as cash flow hedging instruments:

(In millions)	December 31, 2021	December 31, 2020
Fair Values — Current asset (liability):		
Accounts receivable	$ 9	$ 1
Other current liabilities	(4)	(27)

At December 31, 2021 and 2020, these outstanding foreign currency derivatives had notional amounts of $993 million and $1,664 million, respectively, and were primarily related to intercompany loans. Other (Income) Expense included net transaction gains on derivatives of $35 million in 2021 and net transaction losses on derivatives of $87 million in 2020. These amounts were substantially offset in Other (Income) Expense by the effect of changing exchange rates on the underlying currency exposures.

The following table presents fair values for foreign currency hedge contracts that meet the criteria to be accounted for as cash flow hedging instruments:

(In millions)	December 31, 2021	December 31, 2020
Fair Values — Current asset (liability):		
Accounts receivable	$ 1	$ —
Other current liabilities	(1)	(7)

At December 31, 2021 and 2020, these outstanding foreign currency derivatives had notional amounts of $63 million and $50 million, respectively, and primarily related to U.S. dollar denominated intercompany transactions. Based on our current forecasts, including the expected ongoing impacts of the COVID-19 pandemic, we believe that it is probable that the underlying hedge transactions will occur within an appropriate time frame in order to continue to qualify for cash flow hedge accounting treatment.

We enter into master netting agreements with counterparties. The amounts eligible for offset under the master netting agreements are not material and we have elected a gross presentation of foreign currency contracts in the Consolidated Balance Sheets.

The following table presents the classification of changes in fair values of foreign currency contracts that meet the criteria to be accounted for as cash flow hedging instruments (before tax and minority):

	Year Ended December 31,		
(In millions)	2021	2020	2019
Amount of gains (losses) deferred to AOCL	$ 1	$ 15	$ 10
Reclassification adjustment for amounts recognized in CGS	(2)	(13)	(14)

The estimated net amount of the deferred gains at December 31, 2021 that is expected to be reclassified to earnings within the next twelve months is $2 million.

The counterparties to our foreign currency contracts were considered by us to be substantial and creditworthy financial institutions that were recognized market makers at the time we entered into those contracts. We seek to control our credit exposure to these counterparties by diversifying across multiple counterparties, by setting counterparty credit limits based on long term credit ratings and other indicators of counterparty credit risk such as credit default swap spreads, and by monitoring the financial strength of these counterparties on a regular basis. We also enter into master netting agreements with counterparties when possible. By controlling and monitoring exposure to counterparties in this manner, we believe that we effectively manage the risk of loss due to nonperformance by a counterparty. However, the inability of a counterparty to fulfill its contractual obligations to us could have a material adverse effect on our liquidity, financial position or results of operations in the period in which it occurs.

Note 17. Fair Value Measurements

The following table presents information about assets and liabilities recorded at fair value on the Consolidated Balance Sheet at December 31:

(In millions)	Total Carrying Value in the Consolidated Balance Sheet		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
	2021	2020	2021	2020	2021	2020	2021	2020
Assets:								
Investments	$ 10	$ 11	$ 10	$ 11	$ —	$ —	$ —	$ —
Foreign Exchange Contracts	10	1	—	—	10	1	—	—
Total Assets at Fair Value	**$ 20**	**$ 12**	**$ 10**	**$ 11**	**$ 10**	**$ 1**	**$ —**	**$ —**
Liabilities:								
Foreign Exchange Contracts	$ 5	$ 34	$ —	$ —	$ 5	$ 34	$ —	$ —
Total Liabilities at Fair Value	**$ 5**	**$ 34**	**$ —**	**$ —**	**$ 5**	**$ 34**	**$ —**	**$ —**

The following table presents supplemental fair value information about long term fixed rate and variable rate debt, excluding finance leases, at December 31:

(In millions)	December 31, 2021	December 31, 2020
Fixed Rate Debt(1):		
Carrying amount — liability	$ 5,781	$ 4,094
Fair value — liability	6,149	4,283
Variable Rate Debt(1):		
Carrying amount — liability	$ 955	$ 1,240
Fair value — liability	955	1,197

(1) Excludes Notes Payable and Overdrafts of $406 million at both December 31, 2021 and 2020, of which $227 million are at fixed rates and $179 million are at variable rates for both periods. The carrying value of Notes Payable and Overdrafts approximates fair value due to the short term nature of the facilities.

Long term debt with fair values of $5,905 million and $4,391 million at December 31, 2021 and 2020, respectively, were estimated using quoted Level 1 market prices. The carrying value of the remaining debt was based upon internal estimates of fair value derived from market prices for similar debt.

Note 18. Pension, Other Postretirement Benefits and Savings Plans

We provide employees with defined benefit pension or defined contribution savings plans. Our hourly U.S. pension plans are frozen, except for certain grandfathered participants in the Cooper Tire hourly pension plans who continue to accrue benefits, and provide benefits based on length of service. The principal salaried U.S. pension plans are frozen and provide benefits based on compensation and length of service. Salaried employees who made voluntary contributions to these plans receive higher benefits. We also provide certain U.S. employees and employees at certain non-U.S. subsidiaries with health care benefits or life insurance benefits upon retirement. Substantial portions of retiree health care benefits are not insured and are funded from operations.

During 2021, we recognized settlement charges of $43 million in Other (Income) Expense, primarily related to our salaried U.S pension plan. The settlement charges resulted from total lump sum payments exceeding annual service and interest cost of the applicable plans.

During 2020, we recognized settlement charges of $28 million, primarily related to certain of our salaried U.S. pension plans, of which $24 million was recognized in Other (Income) Expense and $4 million in Rationalizations, related to the exit of employees under approved rationalization plans. The settlement charges resulted from total lump sum payments exceeding annual service and interest cost of the applicable plans. In addition, we recognized a curtailment credit of $6 million in Other (Income) Expense during 2020, related to a freeze of one of our non-U.S. defined benefit pension plans.

During 2020, we also recognized a curtailment credit of $4 million related to one of our Other Postretirement Benefits plans and a termination benefits charge of $5 million related to our hourly U.S. pension plan in Rationalizations, related to the exit of employees under approved rationalization plans.

During 2019, we recognized settlement charges of $6 million in Other (Income) Expense primarily related to certain of our U.S. pension plans. The settlement charges resulted from total lump sum payments exceeding annual service and interest cost

of the applicable plans. During 2019, we also recognized curtailment and special termination benefit charges of $5 million in Rationalizations, primarily related to the acceptance of voluntary buy-outs at Gadsden.

Our U.K. pension plan obligations include $21 million to recognize the estimated impact to our plans from court rulings in 2018 and later, involving a plan with similar features to ours that was sponsored by another company, that required equal guaranteed minimum pension benefits for males and females. The increases were primarily recognized in AOCL during 2018 as prior service cost from plan amendments. The actual impact to our U.K. pension plans is still subject to the finalization of plan amendments in response to the court rulings and potential future judicial decisions.

Total benefits cost and amounts recognized in other comprehensive (income) loss follows:

	Pension Plans						Other Postretirement Benefits		
	U.S.			Non-U.S.					
(In millions)	2021	2020	2019	2021	2020	2019	2021	2020	2019
Benefits cost (credit):									
Service cost	$ 9	$ 4	$ 3	$ 30	$ 30	$ 26	$ 3	$ 2	$ 2
Interest cost	94	126	173	47	56	69	9	8	11
Expected return on plan assets	(196)	(193)	(223)	(48)	(54)	(59)	—	—	—
Amortization of prior service cost (credit)	—	—	—	1	1	2	(6)	(9)	(9)
Amortization of net losses	107	109	112	33	38	29	3	4	3
Net periodic cost	**$ 14**	**$ 46**	**$ 65**	**$ 63**	**$ 71**	**$ 67**	**$ 9**	**$ 5**	**$ 7**
Net curtailments/settlements /termination benefits	41	31	8	2	(4)	3	—	(4)	—
Total benefits cost	**$ 55**	**$ 77**	**$ 73**	**$ 65**	**$ 67**	**$ 70**	**$ 9**	**$ 1**	**$ 7**
Recognized in other comprehensive (income) loss before tax and minority:									
Prior service cost (credit) from plan amendments	$ —	$ —	$ —	$ 3	$ 3	$ (2)	$ (4)	$ —	$ —
(Decrease) increase in net actuarial losses	(45)	108	4	(136)	(100)	201	(20)	5	6
Amortization of prior service (cost) credit in net periodic cost	—	—	—	(2)	(2)	(2)	6	9	9
Amortization of net losses in net periodic cost	(107)	(109)	(112)	(33)	(38)	(29)	(3)	(4)	(3)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments and settlements	(41)	(26)	(5)	(2)	(9)	(3)	—	6	2
Total recognized in other comprehensive (income) loss before tax and minority	**$ (193)**	**$ (27)**	**$ (113)**	**$ (170)**	**$ (146)**	**$ 165**	**$ (21)**	**$ 16**	**$ 14**
Total recognized in total benefits cost and other comprehensive (income) loss before tax and minority	**$ (138)**	**$ 50**	**$ (40)**	**$ (105)**	**$ (79)**	**$ 235**	**$ (12)**	**$ 17**	**$ 21**

Service cost is recorded in CGS or SAG. Other components of net periodic cost are recorded in Other (Income) Expense. Net curtailments, settlements and termination benefits are recorded in Other (Income) Expense or Rationalizations if related to a rationalization plan.

We use the fair value of pension assets in the calculation of pension expense for all plans.

Total benefits cost for our other postretirement benefits was $5 million, $1 million and $3 million for our U.S. plans in 2021, 2020 and 2019, respectively, and $4 million, $0 million and $4 million for our non-U.S. plans in 2021, 2020 and 2019, respectively.

The Medicare Prescription Drug Improvement and Modernization Act provides plan sponsors a federal subsidy for certain qualifying prescription drug benefits covered under the sponsor's postretirement health care plans. Our other postretirement benefits cost is presented net of this subsidy, which is less than $1 million annually.

The change in benefit obligation and plan assets for 2021 and 2020 and the amounts recognized in our Consolidated Balance Sheets at December 31, 2021 and 2020 are as follows:

	Pension Plans				Other Postretirement Benefits	
	U.S.		Non-U.S.			
(In millions)	2021	2020	2021	2020	2021	2020
Change in benefit obligation:						
Beginning balance	**$ (5,235)**	**$ (5,009)**	**$ (3,382)**	**$ (3,195)**	**$ (236)**	**$ (241)**
Service cost — benefits earned	(9)	(4)	(30)	(30)	(3)	(2)
Interest cost	(94)	(126)	(47)	(56)	(9)	(8)
Plan amendments	—	—	(3)	(3)	4	—
Actuarial gain (loss)	153	(520)	168	(123)	21	(4)
Participant contributions	—	—	(1)	(3)	(8)	(8)
Curtailments/settlements/ termination benefits	90	51	10	21	—	—
Acquisition of Cooper Tire (1)	(1,088)	—	(450)	—	(205)	—
Foreign currency translation	—	—	118	(133)	2	4
Benefit payments	385	373	153	140	28	23
Ending balance	**$ (5,798)**	**$ (5,235)**	**$ (3,464)**	**$ (3,382)**	**$ (406)**	**$ (236)**
Change in plan assets:						
Beginning balance	**$ 4,970**	**$ 4,780**	**$ 3,041**	**$ 2,740**	**$ —**	**$ —**
Actual return on plan assets	86	605	(9)	305	—	—
Company contributions to plan assets	29	—	30	20	—	—
Cash funding of direct participant payments	10	14	22	22	20	15
Participant contributions	—	—	1	3	8	8
Settlements	(90)	(56)	(10)	(8)	—	—
Acquisition of Cooper Tire (1)	1,100	—	412	—	—	—
Foreign currency translation	—	—	(62)	99	—	—
Benefit payments	(385)	(373)	(153)	(140)	(28)	(23)
Ending balance	**$ 5,720**	**$ 4,970**	**$ 3,272**	**$ 3,041**	**$ —**	**$ —**
Funded status at end of year	**$ (78)**	**$ (265)**	**$ (192)**	**$ (341)**	**$ (406)**	**$ (236)**

(1) Represents the fair value of Cooper Tire related benefit plan obligations and plan assets as of the Closing Date.

Significant actuarial gains or losses related to changes in benefit obligations for 2021 and 2020 primarily resulted from changes in discount rates.

Other postretirement benefits unfunded status was $292 million and $106 million for our U.S. plans at December 31, 2021 and 2020, respectively, and $114 million and $130 million for our non-U.S. plans at December 31, 2021 and 2020, respectively.

The funded status recognized in the Consolidated Balance Sheets consists of:

	Pension Plans				Other Postretirement Benefits	
	U.S.		Non-U.S.			
(In millions)	2021	2020	2021	2020	2021	2020
Noncurrent assets	$ 96	$ —	$ 432	$ 408	$ —	$ —
Current liabilities	(7)	(11)	(22)	(22)	(25)	(16)
Noncurrent liabilities	(167)	(254)	(602)	(727)	(381)	(220)
Net amount recognized	**$ (78)**	**$ (265)**	**$ (192)**	**$ (341)**	**$ (406)**	**$ (236)**

The amounts recognized in AOCL, net of tax and minority interest, consist of:

	Pension Plans				Other Postretirement Benefits	
	U.S.		Non-U.S.			
(In millions)	2021	2020	2021	2020	2021	2020
Prior service (credit) cost	$ (3)	$ (3)	$ 26	$ 25	$ (5)	$ (7)
Net actuarial loss	2,160	2,353	465	636	7	30
Gross amount recognized	**2,157**	**2,350**	**491**	**661**	**2**	**23**
Deferred income taxes	3	(43)	(64)	(104)	(23)	(29)
Minority shareholders' equity	—	—	(1)	(2)	—	—
Net amount recognized	**$ 2,160**	**$ 2,307**	**$ 426**	**$ 555**	**$ (21)**	**$ (6)**

The following table presents significant weighted average assumptions used to determine benefit obligations at December 31:

	Pension Plans		Other Postretirement Benefits	
	2021	2020	2021	2020
Discount rate:				
—U.S.	2.82%	2.42%	2.87%	2.34%
—Non-U.S.	2.01	1.49	4.69	4.09
Rate of compensation increase:				
—U.S.	N/A	N/A	N/A	N/A
—Non-U.S.	2.77	2.89	N/A	N/A

The following table presents significant weighted average assumptions used to determine benefits cost for the years ended December 31:

	Pension Plans			Other Postretirement Benefits		
	2021	2020	2019	2021	2020	2019
Discount rate for determining interest cost:						
—U.S.	1.72%	2.66%	3.85%	1.97%	2.68%	3.79%
—Non-U.S.	1.82	2.26	2.84	6.54	5.68	6.25
Expected long term return on plan assets:						
—U.S.	3.74	4.22	5.25	N/A	N/A	N/A
—Non-U.S.	2.27	2.52	2.95	N/A	N/A	N/A
Rate of compensation increase:						
—U.S.	N/A	N/A	N/A	N/A	N/A	N/A
—Non-U.S.	2.89	2.92	2.91	N/A	N/A	N/A

For 2021, a weighted average discount rate of 1.72% was used to determine interest cost for the U.S. pension plans. This rate was derived from spot rates along a yield curve developed from a portfolio of corporate bonds from issuers rated AA or higher by established rating agencies as of December 31, 2020, or June 7, 2021 for the Cooper Tire pension plans, applied to our expected benefit payment cash flows. For our non-U.S. locations, a weighted average discount rate of 1.82% was used. This rate was developed based on the nature of the liabilities and local environments, using available bond indices, yield curves, projected cash flows, and long term inflation.

For 2021, an assumed weighted average long term rate of return of 3.74% was used for the U.S. pension plans. In developing the long term rate of return, we evaluated input from our pension fund consultant on asset class return expectations, including determining the appropriate rate of return for our plans, which are substantially invested in fixed income securities. For our non-U.S. locations, an assumed weighted average long term rate of return of 2.27% was used. Input from local pension fund consultants concerning asset class return expectations and long term inflation form the basis of this assumption.

The U.S. pension plan mortality assumption is based on our actual historical experience or published actuarial tables, and expected future mortality improvements based on published actuarial tables. For our non-U.S. locations, mortality assumptions are based on published actuarial tables which include projections of future mortality improvements.

The following table presents estimated future benefit payments from the plans as of December 31, 2021. Benefit payments for other postretirement benefits are presented net of retiree contributions and Medicare Part D Subsidy Receipts:

(In millions)	Pension Plans U.S.	Pension Plans Non-U.S.	Other Postretirement Benefits
2022	$ 476	$ 155	$ 26
2023	432	147	26
2024	421	151	25
2025	408	153	25
2026	406	156	25
2027-2031	1,830	831	121

The following table presents selected information on our pension plans:

(In millions)	U.S. 2021	U.S. 2020	Non-U.S. 2021	Non-U.S. 2020
All plans:				
Accumulated benefit obligation	$ 5,780	$ 5,220	$ 3,385	$ 3,284
Plans not fully-funded:				
Projected benefit obligation	$ 1,847	$ 5,235	$ 1,273	$ 933
Accumulated benefit obligation	1,829	5,220	1,216	856
Fair value of plan assets	1,674	4,970	650	185

Certain non-U.S. subsidiaries maintain unfunded pension plans consistent with local practices and requirements. At December 31, 2021, these plans accounted for $226 million of our accumulated pension benefit obligation, $253 million of our projected pension benefit obligation, and $57 million of our AOCL adjustment. At December 31, 2020, these plans accounted for $264 million of our accumulated pension benefit obligation, $299 million of our projected pension benefit obligation, and $90 million of our AOCL adjustment.

We expect to contribute $25 million to $50 million to our funded pension plans in 2022.

Assumed health care cost trend rates at December 31 follow:

	2021	2020
Health care cost trend rate assumed for the next year	6.5%	6.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0	5.0
Year that the rate reaches the ultimate trend rate	2028	2025

Our pension plan weighted average investment allocation at December 31, by asset category, follows:

	U.S. 2021	U.S. 2020	Non-U.S. 2021	Non-U.S. 2020
Cash and short term securities	1%	3%	2%	2%
Equity securities	6	4	6	4
Debt securities	92	93	90	93
Alternatives	1	—	2	1
Total	**100%**	**100%**	**100%**	**100%**

Our pension investment policies recognize the long term nature of pension liabilities, and are primarily designed to offset the future impact of discount rate movements on the funded status for our plans, with target return-seeking allocations based upon given funded ratio levels. All assets are managed externally according to target asset allocation guidelines we have established. Manager guidelines prohibit the use of any type of investment derivative without our prior approval. Portfolio risk is controlled by having managers comply with guidelines, establishing the maximum size of any single holding in their portfolios, and using managers with different investment styles. We periodically undertake asset and liability modeling studies to determine the appropriateness of the investments.

The portfolio of our U.S. pension plan assets includes holdings of global high quality and high yield fixed income securities, fixed income, equity and real estate collective trust funds, short term interest bearing deposits, and private equity and credit securities. The target asset allocation of our U.S. pension plans is 91% in duration-matched fixed income securities, 5% in private equity and credit securities, 3% in equity securities and 1% in real estate funds. Actual U.S. pension fund asset allocations are reviewed on a periodic basis and the pension funds are rebalanced to target ranges on an as needed basis.

The portfolios of our non-U.S. pension plans include holdings of U.S. and non-U.S. equities, global high quality and high yield fixed income securities, insurance contracts, repurchase agreements, and short term interest bearing deposits. The weighted average target asset allocation of the non-U.S. pension funds is approximately 95% fixed income and 5% equities.

The fair values of our pension plan assets at December 31, 2021 by asset category are as follows:

	U.S.				Non-U.S			
(In millions)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash and Short Term Securities	$ 71	$ 71	$ —	$ —	$ 56	$ 51	$ 5	$ —
Equity Securities								
Common and Preferred Stock	—	—	—	—	28	28	—	—
Commingled Funds	—	—	—	—	20	20	—	—
Mutual Funds	—	—	—	—	37	8	29	—
Debt Securities								
Corporate Bonds	2,673	—	2,673	—	286	5	281	—
Government Bonds	958	—	958	—	2,391	71	2,320	—
Repurchase Agreements	—	—	—	—	(570)	—	(570)	—
Asset Backed Securities	172	—	172	—	26	7	19	—
Commingled Funds	—	—	—	—	29	20	9	—
Mutual Funds	—	—	—	—	9	9	—	—
Alternatives								
Insurance Contracts	1	—	—	1	25	—	—	25
Derivatives	4	—	4	—	2	—	2	—
Total Investments in the Fair Value Hierarchy	**3,879**	**$ 71**	**$ 3,807**	**$ 1**	**2,339**	**$ 219**	**$ 2,095**	**$ 25**
Investments Measured at Net Asset Value, as Practical Expedient:								
Equity Securities								
Commingled Funds	8				102			
Mutual Funds	167				2			
Partnership Interests	161				13			
Debt Securities								
Mutual Funds	877				76			
Commingled Funds	388				708			
Partnership Interests	143				39			
Short Term Securities								
Commingled Funds	78				19			
Pooled Separate Accounts	10				—			
Alternatives								
Commingled Funds	60				39			
Total Investments	**5,771**				**3,337**			
Other	(51)				(65)			
Total Plan Assets	**$5,720**				**$3,272**			

The fair values of our pension plan assets at December 31, 2020 by asset category are as follows:

(In millions)	U.S. Total	U.S. Quoted Prices in Active Markets for Identical Assets (Level 1)	U.S. Significant Other Observable Inputs (Level 2)	U.S. Significant Other Unobservable Inputs (Level 3)	Non-U.S Total	Non-U.S Quoted Prices in Active Markets for Identical Assets (Level 1)	Non-U.S Significant Other Observable Inputs (Level 2)	Non-U.S Significant Other Unobservable Inputs (Level 3)
Cash and Short Term Securities	$ 122	$ 122	$ —	$ —	$ 46	$ 42	$ 4	$ —
Equity Securities								
Common and Preferred Stock	—	—	—	—	24	24	—	—
Commingled Funds	—	—	—	—	19	19	—	—
Mutual Funds	—	—	—	—	6	6	—	—
Debt Securities								
Corporate Bonds	2,843	—	2,842	1	230	24	206	—
Government Bonds	1,038	—	1,038	—	2,503	42	2,461	—
Repurchase Agreements	—	—	—	—	(650)	—	(650)	—
Asset Backed Securities	280	—	280	—	76	8	68	—
Commingled Funds	—	—	—	—	20	20	—	—
Mutual Funds	—	—	—	—	19	9	10	—
Alternatives								
Insurance Contracts	2	—	—	2	28	—	—	28
Other Investments	7	—	7	—	6	—	5	1
Total Investments in the Fair Value Hierarchy	**4,292**	**$ 122**	**$ 4,167**	**$ 3**	**2,327**	**$ 194**	**$ 2,104**	**$ 29**
Investments Measured at Net Asset Value, as Practical Expedient:								
Equity Securities								
Commingled Funds	23				62			
Mutual Funds	—				4			
Partnership Interests	166				—			
Debt Securities								
Mutual Funds	148				81			
Commingled Funds	295				665			
Partnership Interests	102				—			
Short Term Securities								
Commingled Funds	22				3			
Alternatives								
Commingled Funds	—				6			
Total Investments	**5,048**				**3,148**			
Other	(78)				(107)			
Total Plan Assets	**$ 4,970**				**$3,041**			

At December 31, 2021 and 2020, the Plans did not directly hold any of our common stock.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Investments that are measured at Net Asset Value ("NAV") as a practical expedient to estimate fair value are not classified in the fair value hierarchy. Under the practical expedient approach, the NAV is based on the fair value of the underlying investments held by each fund less its liabilities. This practical expedient would not be used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to total plan assets. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

- *Cash and Short Term Securities:* Cash and cash equivalents consist of U.S. and foreign currencies. Foreign currencies are reported in U.S. dollars based on currency exchange rates readily available in active markets. Short term securities held in commingled funds or pooled separate accounts are valued at the NAV of units held at year end, as determined by the investment manager.
- *Equity Securities:* Common and preferred stock, which are held in non-U.S. companies, are valued at the closing price reported on the active market on which the individual securities are traded. Commingled funds are primarily valued at the NAV of units held at year end, as determined by a pricing vendor or the fund family. Mutual funds are valued at the NAV of shares held at year end, as determined by the closing price reported on the active market on which the individual securities are traded, or a pricing vendor or the fund family if an active market is not available. Partnership interests in private equity securities are priced based on valuations using the partnership's latest available financial statements and the plan's percent ownership, adjusted for any cash transactions which occurred between the date of those financial statements and our year end.
- *Debt Securities:* Corporate and government bonds, including asset backed securities, are valued at the closing price reported on the active market on which the individual securities are traded, or based on institutional bid evaluations using proprietary models if an active market is not available. Repurchase agreements are valued at the contract price plus accrued interest. These secured borrowings are collateralized by government bonds held by the non-U.S. plans and have maturities less than one year. Commingled funds are primarily valued at the NAV of units held at year end, as determined by a pricing vendor or the fund family. Mutual funds are valued at the NAV of shares held at year end, as determined by the closing price reported on the active market on which the individual securities are traded, or a pricing vendor or the fund family if an active market is not available. Partnership interests in private credit securities are priced based on valuations using the partnership's latest available financial statements and the plan's percent ownership, adjusted for any cash transactions which occurred between the date of those financial statements and our year end.
- *Alternatives:* Commingled funds, which primarily consist of real estate funds, are valued based on the NAV as determined by the fund manager using the most recent financial information available. Other investments primarily include derivative financial instruments, which are valued using independent pricing sources which utilize industry standard derivative valuation models. Directed insurance contracts are valued as reported by the issuer, based on discounted cash flows using weighted average discount rates of 2.1% and 1.7% at December 31, 2021 and 2020, respectively.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in fair value of the non-U.S. pension plan insurance contracts classified as Level 3:

(In millions)	2021	2020
Balance, beginning of year	$ 28	$ 22
Unrealized gains relating to instruments still held at the reporting date	(1)	3
Purchases, sales, issuances and settlements (net)	—	1
Foreign currency translation	(2)	2
Balance, end of year	$ 25	$ 28

Savings Plans

Substantially all employees in the U.S. and employees of certain non-U.S. locations are eligible to participate in a defined contribution savings plan. Expenses recognized for contributions to these plans were $116 million, $100 million and $110 million for 2021, 2020 and 2019, respectively.

Note 19. Stock Compensation Plans

Our stock compensation plans (collectively, the "Plans") permit the grant of stock options, stock appreciation rights ("SARs"), performance share units, restricted stock, restricted stock units and other stock-based awards to employees and directors. Our current stock compensation plan, the 2017 Performance Plan, was adopted on April 10, 2017 and expires on April 9, 2027. A total of 18 million shares of our common stock may be issued in respect of grants made under the 2017 Performance Plan. Any shares of common stock that are subject to awards of stock options or SARs will be counted as one share for each share granted for purposes of the aggregate share limit and any shares of common stock that are subject to any other awards will be counted as 2 shares for each share granted for purposes of the aggregate share limit. In addition, shares of common stock that are subject to awards issued under the 2017 Performance Plan or certain prior Plans that expire according to their terms or are forfeited, terminated, canceled or surrendered or are settled, or can be paid, only in cash, or are surrendered in payment of taxes associated with such awards (other than stock options or SARs) will be available for issuance pursuant to a new award under the 2017 Performance Plan. Shares issued under our Plans are usually issued from shares of our common stock held in treasury.

Stock Options

Grants of stock options and SARs (collectively referred to as "options") under the Plans generally have a graded vesting period of four years whereby one-fourth of the awards vest on each of the first four anniversaries of the grant date, an exercise price equal to the fair market value of one share of our common stock on the date of grant (i.e., the closing market price on that date) and a contractual term of ten years. The exercise of tandem SARs cancels an equivalent number of stock options and, conversely, the exercise of stock options cancels an equivalent number of tandem SARs. Option grants are cancelled on, or 90 days following, termination of employment unless termination is due to retirement, death or disability under certain circumstances, in which case, all outstanding options vest fully and remain outstanding for a term set forth in the related grant agreement.

The following table summarizes the activity related to options during 2021:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In millions)
Outstanding at January 1	**8,700,732**	**$ 15.97**		
Options granted	—	—		
Options exercised	(2,028,083)	12.83		$ 11
Options expired	(60,892)	14.28		
Options cancelled	(172,956)	14.00		
Outstanding at December 31	**6,438,801**	**17.03**	**6.1**	**46**
Vested and expected to vest at December 31	6,360,051	17.11	6.1	45
Exercisable at December 31	3,044,514	24.73	3.9	8
Available for grant at December 31	3,310,039			

In addition, the aggregate intrinsic value of options exercised in 2020 and 2019 was $0 million and $3 million, respectively.

Significant option groups outstanding at December 31, 2021 and related weighted average exercise price and remaining contractual term information follows:

Grant Date	Options Outstanding	Options Exercisable	Exercise Price	Remaining Contractual Term (Years)
2/25/2020	3,792,384	398,097	$ 10.12	8.16
2/27/2017	556,409	556,409	35.26	5.16
2/22/2016	537,126	537,126	29.90	4.15
2/23/2015	483,150	483,150	27.16	3.15
2/24/2014	371,480	371,480	26.44	2.15
2/28/2013	244,914	244,914	12.98	1.16
2/27/2012	101,350	101,350	12.94	0.16
All Other	351,988	351,988	(1)	(1)
	6,438,801	**3,044,514**		

(1) Options in the "All other" category had exercise prices ranging from $9.54 to $32.72. The weighted average exercise price for options outstanding and exercisable in that category was $23.13 for both, while the remaining weighted average contractual term was 2.5 years for both.

Weighted average grant date fair values of stock options and the assumptions used in estimating those fair values are as follows:

	2020
Weighted average grant date fair value	$ 10.12
Black-Scholes model assumptions(1):	
Expected term (years)	7.50
Interest rate	1.29%
Volatility	41.28%
Dividend yield	6.54%

(1) We review the assumptions used in our Black-Scholes model in conjunction with estimating the grant date fair value of grants of options by our Board of Directors. There were no stock options granted during 2021 or 2019.

Performance Share Units

Performance share units granted under the Plans are earned over a three-year period beginning January 1 of the year of grant. Total units earned for grants made in 2021 may vary between 0% and 200%, and grants made during 2020 and 2019 may vary between 0% and 133% and 0% and 200%, respectively, of the units granted based on the attainment of performance targets during the related three-year period and continued service. The performance targets are established by the Board of Directors. All of the units earned will be settled through the issuance of an equivalent number of shares of our common stock and are equity classified.

The following table summarizes the activity related to performance share units during 2021:

	Units	Weighted Average Grant Date Fair Value
Unvested at January 1	**594,780**	**$ 15.02**
Units granted	911,550	19.32
Units vested	(250,293)	18.43
Units forfeited	(7,961)	17.71
Unvested at December 31	**1,248,076**	**17.46**

We measure the fair value of grants of performance share units based primarily on the closing market price of a share of our common stock on the date of the grant, modified as appropriate to take into account the features of such grants.

Restricted Stock Units

Restricted stock units granted under the Plans typically vest over a three-year period beginning on the date of grant. Restricted stock units will be settled through the issuance of an equivalent number of shares of our common stock and are equity classified.

The following table summarizes the activity related to restricted stock units during 2021:

	Units	Weighted Average Grant Date Fair Value
Unvested at January 1	**2,927,936**	**$ 18.80**
Units granted	771,038	16.63
Units vested	(1,137,026)	24.34
Units forfeited	(114,969)	15.98
Unvested at December 31	**2,446,979**	**15.20**
Units vested but not released	482,505	23.86
Outstanding at December 31	**2,929,484**	**16.63**

We measure the fair value of grants of restricted stock units based on the closing market price of a share of our common stock on the date of the grant.

Other Information

Stock-based compensation expense, cash payments made to settle SARs and cash received from the exercise of stock options follows:

(In millions)	2021	2020	2019
Stock-based compensation expense recognized	$ 36	$ 31	$ 27
Tax benefit	(8)	(8)	(7)
After-tax stock-based compensation expense	**$ 28**	**$ 23**	**$ 20**
Cash payments to settle SARs	$ —	$ —	$ —
Cash received from stock option exercises	$ 26	$ —	$ 2

As of December 31, 2021, unearned compensation cost related to the unvested portion of all stock-based awards was $64 million and is expected to be recognized over the remaining vesting period of the respective grants, through the fourth quarter of 2024.

Note 20. Commitments and Contingent Liabilities

Environmental Matters

We have recorded liabilities totaling $80 million and $64 million at December 31, 2021 and 2020, respectively, for anticipated costs related to various environmental matters, primarily the remediation of numerous waste disposal sites and certain properties sold by us. The increase in our recorded reserve during 2021 was primarily related to the acquisition of Cooper Tire. Of these amounts, $21 million and $16 million were included in Other Current Liabilities at December 31, 2021 and 2020, respectively. The costs include legal and consulting fees, site studies, the design and implementation of remediation plans, post-remediation monitoring and related activities, and will be paid over several years. The amount of our ultimate liability in respect of these matters may be affected by several uncertainties, primarily the ultimate cost of required remediation and the extent to which other responsible parties contribute. We have limited potential insurance coverage for future environmental claims.

Since many of the remediation activities related to environmental matters vary substantially in duration and cost from site to site and the associated costs for each vary depending on the mix of unique site characteristics, in some cases we cannot reasonably estimate a range of possible losses. Although it is not possible to estimate with certainty the outcome of all of our environmental matters, management believes that potential losses in excess of current reserves for environmental matters, individually and in the aggregate, will not have a material adverse effect on our financial position, cash flows or results of operations.

Workers' Compensation

We have recorded liabilities, on a discounted basis, totaling $194 million and $196 million for anticipated costs related to workers' compensation at December 31, 2021 and 2020, respectively. Of these amounts, $38 million and $29 million were included in Current Liabilities as part of Compensation and Benefits at December 31, 2021 and 2020, respectively. The costs include an estimate of expected settlements on pending claims, defense costs and a provision for claims incurred but not reported. These estimates are based on our assessment of potential liability using an analysis of available information with

respect to pending claims, historical experience, and current cost trends. The amount of our ultimate liability in respect of these matters may differ from these estimates. We periodically, and at least annually, update our loss development factors based on actuarial analyses. At December 31, 2021 and 2020, the liability was discounted using a risk-free rate of return. At December 31, 2021, we estimate that it is reasonably possible that the liability could exceed our recorded amounts by approximately $25 million.

General and Product Liability and Other Litigation

We have recorded liabilities totaling $390 million and $285 million, including related legal fees expected to be incurred, for potential product liability and other tort claims, including asbestos claims, at December 31, 2021 and 2020, respectively. The increase from December 31, 2020 was primarily due to the acquisition of Cooper Tire. Of these amounts, $41 million and $38 million were included in Other Current Liabilities at December 31, 2021 and 2020, respectively. The amounts recorded were estimated based on an assessment of potential liability using an analysis of available information with respect to pending claims, historical experience and, where available, recent and current trends. Based upon that assessment, at December 31, 2021, we do not believe that estimated reasonably possible losses associated with general and product liability claims in excess of the amounts recorded will have a material adverse effect on our financial position, cash flows or results of operations. However, the amount of our ultimate liability in respect of these matters may differ from these estimates.

We have recorded an indemnification asset within Accounts Receivable of $1 million and within Other Assets of $20 million for Sumitomo Rubber Industries, Ltd.'s ("SRI") obligation to indemnify us for certain product liability claims related to products manufactured by a formerly consolidated joint venture entity, subject to certain caps and restrictions.

Asbestos. We are a defendant in numerous lawsuits alleging various asbestos-related personal injuries purported to result from alleged exposure to asbestos in certain products manufactured by us or present in certain of our facilities. Typically, these lawsuits have been brought against multiple defendants in state and federal courts. To date, we have disposed of approximately 155,700 claims by defending, obtaining a dismissal thereof, or entering into a settlement. The sum of our accrued asbestos-related liability and gross payments to date, including legal costs, by us and our insurers totaled $560 million and $563 million through December 31, 2021 and 2020, respectively.

A summary of recent approximate asbestos claims activity follows. Because claims are often filed and disposed of by dismissal or settlement in large numbers, the amount and timing of settlements and the number of open claims during a particular period can fluctuate significantly.

(Dollars in millions)	2021	2020	2019
Pending claims, beginning of year	**38,700**	**39,600**	**43,100**
New claims filed during the year	1,000	1,100	1,500
Claims settled/dismissed	(1,500)	(2,000)	(5,000)
Pending claims, end of year	**38,200**	**38,700**	**39,600**
Payments(1)	$ 15	$ 13	$ 22

(1) Represents cash payments made during the period by us and our insurers on asbestos litigation defense and claim resolution.

We periodically, and at least annually, review our existing reserves for pending claims, including a reasonable estimate of the liability associated with unasserted asbestos claims, and estimate our receivables from probable insurance recoveries. We recorded gross liabilities for both asserted and unasserted claims, inclusive of defense costs, totaling $131 million and $149 million at December 31, 2021 and 2020, respectively. In determining the estimate of our asbestos liability, we evaluated claims over the next ten-year period. Due to the difficulties in making these estimates, analysis based on new data and/or a change in circumstances arising in the future may result in an increase in the recorded obligation, and that increase could be significant.

We maintain certain primary and excess insurance coverage under coverage-in-place agreements, and also have additional excess liability insurance with respect to asbestos liabilities. After consultation with our outside legal counsel and giving consideration to agreements with certain of our insurance carriers, the financial viability and legal obligations of our insurance carriers and other relevant factors, we determine an amount we expect is probable of recovery from such carriers. We record a receivable with respect to such policies when we determine that recovery is probable and we can reasonably estimate the amount of a particular recovery.

We recorded an insurance receivable related to asbestos claims of $77 million and $90 million at December 31, 2021 and 2020, respectively. We expect that approximately 60% of asbestos claim related losses would be recoverable through insurance during the ten-year period covered by the estimated liability. Of these amounts, $12 million and $13 million were included in Current Assets as part of Accounts Receivable at December 31, 2021 and December 31, 2020, respectively. The recorded receivable consists of an amount we expect to collect under coverage-in-place agreements with certain primary and excess insurance carriers as well as an amount we believe is probable of recovery from certain of our other excess insurance carriers.

We believe that, at December 31, 2021, we had approximately $540 million in excess level policy limits applicable to indemnity and defense costs for asbestos products claims under coverage-in-place agreements. We also had additional unsettled excess level policy limits potentially applicable to such costs. In addition, we had coverage under certain primary policies for indemnity and defense costs for asbestos products claims under remaining aggregate limits pursuant to a coverage-in-place agreement, as well as coverage for indemnity and defense costs for asbestos premises claims pursuant to coverage-in-place agreements.

We believe that our reserve for asbestos claims, and the receivable for recoveries from insurance carriers recorded in respect of these claims, reflects reasonable and probable estimates of these amounts. The estimate of the liabilities and assets related to pending and expected future asbestos claims and insurance recoveries is subject to numerous uncertainties, including, but not limited to, changes in:

- the litigation environment,
- federal and state law governing the compensation of asbestos claimants,
- recoverability of receivables due to potential insolvency of insurance carriers,
- our approach to defending and resolving claims, and
- the level of payments made to claimants from other sources, including other defendants and 524(g) trusts.

As a result, with respect to both asserted and unasserted claims, it is reasonably possible that we may incur a material amount of cost in excess of the current reserve; however, such amounts cannot be reasonably estimated. Coverage under insurance policies is subject to varying characteristics of asbestos claims including, but not limited to, the type of claim (premise vs. product exposure), alleged date of first exposure to our products or premises and disease alleged. Recoveries may also be limited by insurer insolvencies or financial difficulties. Depending upon the nature of these characteristics or events, as well as the resolution of certain legal issues, some portion of the insurance may not be accessible by us.

Other Actions

We are currently a party to various claims, indirect tax assessments and legal proceedings in addition to those noted above. If management believes that a loss arising from these matters is probable and can reasonably be estimated, we record the amount of the loss, or the minimum estimated liability when the loss is estimated using a range and no point within the range is more probable than another. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Based on currently available information, management believes that the ultimate outcome of these matters, individually and in the aggregate, will not have a material adverse effect on our financial position or overall trends in results of operations.

Our recorded liabilities and estimates of reasonably possible losses for the contingent liabilities described above are based on our assessment of potential liability using the information available to us at the time and, where applicable, any past experience and recent and current trends with respect to similar matters. Our contingent liabilities are subject to inherent uncertainties, and unfavorable judicial or administrative decisions could occur which we did not anticipate. Such an unfavorable decision could include monetary damages, fines or other penalties or an injunction prohibiting us from taking certain actions or selling certain products. If such an unfavorable decision were to occur, it could result in a material adverse impact on our financial position and results of operations in the period in which the decision occurs or in future periods.

Income Tax Matters

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional taxes will be due. If we ultimately determine that payment of these amounts is unnecessary, we reverse the liability and recognize a tax benefit during the period in which we determine that the liability is no longer necessary. We also recognize income tax benefits to the extent that it is more likely than not that our positions will be sustained when challenged by the taxing authorities. We derecognize income tax benefits when based on new information we determine that it is no longer more likely than not that our position will be sustained. To the extent we prevail in matters for which liabilities have been established, or determine we need to derecognize tax benefits recorded in prior periods, our results of operations and effective tax rate in a given period could be materially affected. An unfavorable tax settlement would require use of our cash, and lead to recognition of expense to the extent the settlement amount exceeds recorded liabilities and, in the case of an income tax settlement, result in an increase in our effective tax rate in the period of resolution. A favorable tax settlement would be recognized as a reduction of expense to the extent the settlement amount is lower than recorded liabilities and, in the case of an income tax settlement, would result in a reduction in our effective tax rate in the period of resolution.

While the Company applies consistent transfer pricing policies and practices globally, supports transfer prices through economic studies, seeks advance pricing agreements and joint audits to the extent possible and believes its transfer prices to be appropriate, such transfer prices, and related interpretations of tax laws, are occasionally challenged by various taxing authorities globally. We have received various tax assessments challenging our interpretations of applicable tax laws in various jurisdictions. Although we believe we have complied with applicable tax laws, have strong positions and defenses and have historically been successful in defending such claims, our results of operations could be materially adversely affected in the case we are unsuccessful in the defense of existing or future claims.

Binding Commitments and Guarantees

At December 31, 2021, we had binding commitments for raw materials, capital expenditures, utilities and various other types of contracts. Total commitments on contracts that extend beyond 2022 are expected to total approximately $1.6 billion. In addition, we have other contractual commitments, the amounts of which cannot be estimated, pursuant to certain long term agreements under which we will purchase varying amounts of certain raw materials and finished goods at agreed upon base prices that may be subject to periodic adjustments for changes in raw material costs and market price adjustments, or in quantities that may be subject to periodic adjustments for changes in our or our suppliers' production levels.

We have off-balance sheet financial guarantees and other commitments totaling $34 million and $73 million at December 31, 2021 and 2020, respectively. We issue guarantees to financial institutions or other entities on behalf of certain of our affiliates, lessors or customers. We generally do not receive a separate premium as consideration for, and do not require collateral in connection with, the issuance of these guarantees.

In 2015, as a result of the dissolution of the global alliance with SRI, we issued a guarantee of $46 million to an insurance company related to SRI's obligation to pay certain outstanding workers' compensation claims of a formerly consolidated joint venture entity. As of December 31, 2021, this guarantee amount has been reduced to $20 million. We have concluded the probability of our performance to be remote and, therefore, have not recorded a liability for this guarantee. While there is no fixed duration of this guarantee, we expect the amount of this guarantee to continue to decrease over time as the formerly consolidated joint venture entity pays its outstanding claims.

If our performance under these guarantees is triggered by non-payment or another specified event, we would be obligated to make payment to the financial institution or the other entity, and would typically have recourse to the affiliate, lessor, customer, or SRI. We are unable to estimate the extent to which our affiliates', lessors', customers', or SRI's assets would be adequate to recover any payments made by us under the related guarantees.

At December 31, 2021, we had an agreement to provide a revolving loan commitment to TireHub of up to $100 million. As of December 31, 2021, no funds were drawn on this commitment.

Indemnifications

At December 31, 2021, we were a party to various agreements under which we had assumed obligations to indemnify the counterparties from certain potential claims and losses. These agreements typically involve standard commercial activities undertaken by us in the normal course of business; the sale of assets by us; the formation or dissolution of joint venture businesses to which we had contributed assets in exchange for ownership interests; and other financial transactions. Indemnifications provided by us pursuant to these agreements relate to various matters including, among other things, environmental, tax and shareholder matters; intellectual property rights; government regulations; employment-related matters; and dealer, supplier and other commercial matters.

Certain indemnifications expire from time to time, and certain other indemnifications are not subject to an expiration date. In addition, our potential liability under certain indemnifications is subject to maximum caps, while other indemnifications are not subject to caps. Although we have been subject to indemnification claims in the past, we cannot reasonably estimate the number, type and size of indemnification claims that may arise in the future. Due to these and other uncertainties associated with the indemnifications, our maximum exposure to loss under these agreements cannot be estimated.

We have determined that there are no indemnifications or guarantees other than liabilities for which amounts are already recorded or reserved in our consolidated financial statements under which it is probable that we have incurred a liability.

Warranty

We recorded $37 million and $22 million for potential claims under warranties offered by us at December 31, 2021 and December 31, 2020, respectively, the majority of which are recorded in Other Current Liabilities.

The following table presents changes in the warranty reserve during 2021 and 2020:

(In millions)	2021	2020
Balance at January 1	**$ 22**	**$ 22**
Cooper Tire acquisition	15	—
Payments made during the period	(29)	(21)
Expense recorded during the period	29	21
Translation adjustment	—	—
Balance at December 31	**$ 37**	**$ 22**

Note 21. Capital Stock

Dividends

During 2020 and 2019, we paid cash dividends of $37 million and $148 million, respectively, on our common stock. This excludes dividends earned on stock based compensation plans of $1 million and $2 million for the years 2020 and 2019, respectively. On April 16, 2020, we announced that we have suspended the quarterly dividend on our common stock.

Common Stock Repurchases

We may repurchase shares delivered to us by employees as payment for the exercise price of stock options and the withholding taxes due upon the exercise of stock options or the vesting or payment of stock awards. During 2021, 2020 and 2019, we did not repurchase any shares from employees.

Cooper Tire Acquisition

In connection with the acquisition of Cooper Tire, we issued 46,060,349 shares of common stock. Refer to Note to the Consolidated Financial Statements No. 2, Cooper Tire Acquisition.

Note 22. Accumulated Other Comprehensive Loss

The following table presents changes in AOCL by component for the years ended December 31, 2021, 2020 and 2019, after tax and minority interest:

(In millions) Income (Loss)	Foreign Currency Translation Adjustment	Unrecognized Net Actuarial Losses and Prior Service Costs	Deferred Derivative Gains (Losses)	Total
Balance at December 31, 2018	**$ (1,160)**	**$ (2,923)**	**$ 7**	**$ (4,076)**
Other comprehensive income (loss) before reclassifications[(1)]	4	(168)	10	(154)
Amounts reclassified from accumulated other comprehensive loss	—	108	(14)	94
Balance at December 31, 2019	**$ (1,156)**	**$ (2,983)**	**$ 3**	**$ (4,136)**
Other comprehensive income (loss) before reclassifications[(1)]	(128)	(4)	15	(117)
Amounts reclassified from accumulated other comprehensive loss	—	131	(13)	118
Balance at December 31, 2020	**$ (1,284)**	**$ (2,856)**	**$ 5**	**$ (4,135)**
Other comprehensive income (loss) before reclassifications	(118)	153	1	36
Amounts reclassified from accumulated other comprehensive loss	—	138	(2)	136
Balance at December 31, 2021	**$ (1,402)**	**$ (2,565)**	**$ 4**	**$ (3,963)**

(1) Includes adjustments to AOCL of \$27 million and \$(32) million in 2020 and 2019, respectively, to adjust the respective prior year obligation of our frozen U.K. pension plan.

The following table presents reclassifications out of AOCL for the years ended December 31, 2021, 2020 and 2019:

(In millions) (Income) Expense	Year Ended December 31,			
	2021	2020	2019	
Component of AOCL	Amount Reclassified from AOCL			Affected Line Item in the Consolidated Statements of Operations
Amortization of prior service cost and unrecognized gains and losses	$ 139	$ 144	$ 137	Other (Income) Expense
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures	43	29	6	Other (Income) Expense / Rationalizations
Unrecognized Net Actuarial Losses and Prior Service Costs, before tax	$ 182	$ 173	$ 143	
Tax effect	(44)	(42)	(35)	United States and Foreign Taxes
Net of tax	$ 138	$ 131	$ 108	Goodyear Net Income (Loss)
Deferred Derivative (Gains) Losses	$ (2)	$ (13)	$ (14)	Cost of Goods Sold
Tax effect	—	—	—	United States and Foreign Taxes
Net of tax	$ (2)	$ (13)	$ (14)	Goodyear Net Income (Loss)
Total reclassifications	**$ 136**	**$ 118**	**$ 94**	Goodyear Net Income (Loss)

The following table presents the details of comprehensive income (loss) attributable to minority shareholders:

(In millions)	Year Ended December 31,		
	2021	2020	2019
Net Income Attributable to Minority Shareholders	$ 16	$ 4	$ 14
Other Comprehensive Income (Loss):			
Foreign currency translation	(21)	(6)	1
Decrease/Increase in net actuarial losses	1	(1)	—
Other Comprehensive Income (Loss)	**$ (20)**	**$ (7)**	**$ 1**
Comprehensive Income (Loss) Attributable to Minority Shareholders	**$ (4)**	**$ (3)**	**$ 15**

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with appropriate authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the Company's internal control over financial reporting as of December 31, 2021 using the framework specified in *Internal Control — Integrated Framework (2013)*, published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2021.

As permitted by Securities and Exchange Commission guidance, management excluded the internal controls of Cooper Tire, which was acquired on June 7, 2021, from the scope of its assessment of internal control over financial reporting as of December 31, 2021, relating to approximately 14% of consolidated total assets and 12% of consolidated net sales as of and for the year ended December 31, 2021.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is presented in this Annual Report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of The Goodyear Tire & Rubber Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of The Goodyear Tire & Rubber Company and its subsidiaries (the "Company") as of December 31, 2021 and 2020 and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the *Committee of Sponsoring Organizations of the Treadway Commission* ("COSO").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases as of January 1, 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded Cooper Tire & Rubber Company from its assessment of internal control over financial reporting as of December 31, 2021 because it was acquired by the Company in a purchase business combination during 2021. We have also excluded Cooper Tire & Rubber Company from our audit of internal control over financial reporting. Cooper Tire & Rubber Company is a wholly-owned subsidiary whose total assets and total net sales excluded from management's assessment and our audit of internal control over financial reporting represent 14% and 12%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2021.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that

receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Acquired Intangible Assets – Customer Relationships and Indefinite-Lived Trade Names from the Cooper Tire Acquisition

As described in Note 2 to the consolidated financial statements, the Company completed the acquisition of Cooper Tire on June 7, 2021 for consideration of approximately $3.1 billion. The merger was accounted for using the acquisition method of accounting. Based on the preliminary purchase price allocation, management recorded intangible assets, including $350 million of customer relationships and $560 million of indefinite-lived trade names. The estimated fair values of identifiable intangible assets acquired were prepared using an income valuation approach, which requires a forecast of expected future cash flows either through the use of the relief-from-royalty method or the multi-period excess earnings method. Management estimated the fair value of acquired customer relationships and acquired indefinite-lived trade names using the multi-period excess earnings method and relief from royalty method, respectively. Assumptions used in the determination of the fair value of the customer relationships include revenue growth rates, operating margins, contributory asset charges, customer attrition rates and discount rate. Assumptions used in the determination of the fair value of the trade names include revenue growth rates, including a terminal growth rate, royalty rate and discount rate.

The principal considerations for our determination that performing procedures relating to the valuation of acquired intangible assets – customer relationships and indefinite-lived trade names from the Cooper Tire acquisition is a critical audit matter are (i) the significant judgment by management when determining the fair value of the these intangible assets; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to operating margins, customer attrition rates and discount rate used in the valuation of the customer relationships, and the terminal growth rate, royalty rate and discount rate used in the valuation of the indefinite-lived trade names; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls over management's valuation of the acquired customer relationships and indefinite-lived trade names and controls over the development of assumptions related to operating margins, customer attrition rates and discount rate used in the valuation of the customer relationships, and the terminal growth rate, royalty rate and discount rate used in the valuation of the indefinite-lived trade names. These procedures also included, among others (i) reading the merger agreement and (ii) testing management's process for determining the fair value of the customer relationships and indefinite-lived trade names. Testing management's process included evaluating the appropriateness of the valuation methods, testing the completeness and accuracy of the underlying data used by management, and evaluating the reasonableness of management's significant assumptions related to the operating margins, customer attrition rates and discount rate used in the valuation of the customer relationships, and terminal growth rate, royalty rate and discount rate used in the valuation of the indefinite-lived trade names. Evaluating the reasonableness of operating margins, customer attrition rates and terminal growth rate involved considering the past performance of Cooper Tire, as well as economic and industry data. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's valuation methods and royalty rate and discount rate assumptions.

Utilization of Deferred Tax Assets – Sale of Certain Intellectual Property

As described in Note 7 to the consolidated financial statements, during the fourth quarter of 2021, the Company completed an intercompany sale of certain intellectual property. As a result of this transaction, U.S. taxable income for 2021 included approximately $1.5 billion of accelerated income, which resulted in the utilization of deferred tax assets consisting of $205 million in tax loss carryforwards and $110 million of foreign tax credits. Management performs scheduling exercises to determine if sufficient taxable income of the appropriate character exists in the periods required in order to realize deferred tax assets with limited lives (such as tax loss carryforwards and tax credits) prior to their expiration and considers prudent tax

planning strategies (including an assessment of their feasibility) to accelerate taxable income if required to utilize expiring deferred tax assets.

The principal considerations for our determination that performing procedures relating to the utilization of deferred tax assets – sale of certain intellectual property is a critical audit matter are (i) the significant judgment by management in evaluating the tax consequences of the transaction, including determining the appropriate application of tax law to the transaction and a high degree of estimation uncertainty relative to the complexity of tax law; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating the appropriateness of the application of tax law related to evaluating the tax implications of the transaction; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment of the utilization of deferred tax assets. These procedures also included, among others (i) reading of intercompany agreements relevant to the transaction and (ii) evaluating management's assessment of the technical merits of the transaction, including evaluation of external tax opinions and application of relevant tax law. Professionals with specialized skill and knowledge were used to assist in evaluating management's assessment of the technical merits of the transaction and application of relevant tax law.

PricewaterhouseCoopers LLP

Cleveland, Ohio
February 14, 2022

We have served as the Company's auditor since 1898.

GENERAL INFORMATION REGARDING OUR SEGMENTS

For the year ended December 31, 2021, we operated our business through three operating segments representing our regional tire businesses: Americas; Europe, Middle East and Africa ("EMEA"); and Asia Pacific.

Our principal business is the development, manufacture, distribution and sale of tires and related products and services worldwide. We manufacture and sell numerous lines of rubber tires for:

- automobiles
- trucks
- buses
- aircraft
- motorcycles
- earthmoving and mining equipment
- farm implements
- industrial equipment, and
- various other applications.

In each case, our tires are offered for sale to vehicle manufacturers for mounting as original equipment ("OE") and for replacement worldwide. We manufacture and sell tires under the Goodyear, Cooper, Dunlop, Kelly, Debica, Sava, Fulda, Mastercraft and Roadmaster brands and various "house" brands, and the private-label brands of certain customers. In certain geographic areas we also:

- retread truck, aviation and off-the-road ("OTR") tires,
- manufacture and sell tread rubber and other tire retreading materials,
- sell chemical products, and/or
- provide automotive and commercial repair services and miscellaneous other products and services.

Our principal products are new tires for most applications. Approximately 85% of our sales in 2021, 84% in 2020 and 85% in 2019 were for tire units. Sales of chemical products to unaffiliated customers were 3% of our consolidated sales in each of 2021, 2020 and 2019 (6%, 5% and 5% of Americas total sales in 2021, 2020 and 2019, respectively). The percentages of each segment's sales attributable to tire units during the periods indicated were:

	Year Ended December 31,		
Tire Unit Sales	**2021**	**2020**	**2019**
Americas	82%	78%	80%
Europe, Middle East and Africa	89	90	91
Asia Pacific	93	91	91

Each segment exports tires to other segments. The financial results of each segment exclude sales of tires exported to other segments, but include operating income derived from such transactions.

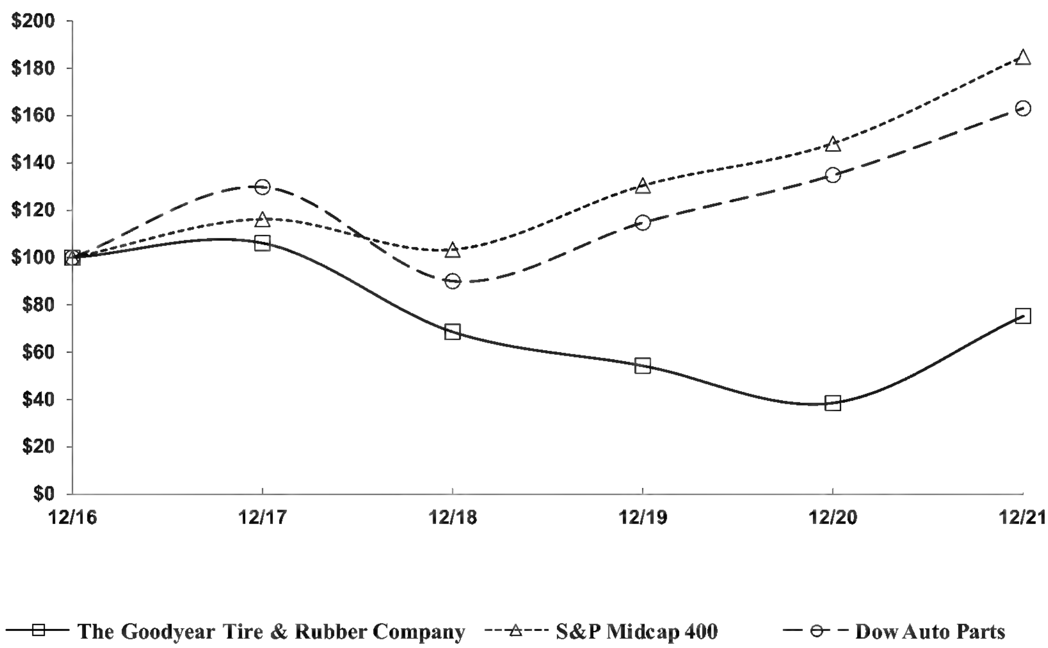
Goodyear does not include motorcycle, aviation or race tires in reported tire unit sales.

PERFORMANCE GRAPH

The graph below compares the cumulative total shareholder returns of Goodyear Common Stock, the Standard & Poor's Midcap 400 Index (the "S&P Midcap 400") and the Dow Jones US Auto Parts Index (the "Dow Auto Parts") at each December 31 during the period beginning December 31, 2016 and ending December 31, 2021. The graph assumes the investment of $100 on December 31, 2016 in Goodyear Common Stock, in the S&P Midcap 400 and in the Dow Auto Parts. Total shareholder return was calculated on the basis that in each case all dividends were reinvested.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among The Goodyear Tire & Rubber Company, the S&P Midcap 400
and the Dow Auto Parts



*$100 invested on 12/31/16 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

James A. Firestone, 67
Retired Executive Vice President and President, Corporate Strategy and Asia Operations
Xerox Corporation
Elected 2007 2, 4, 6

Werner Geissler, 68
Retired Vice Chairman, Global Operations
The Procter & Gamble Company
Elected 2011 1, 3

Peter S. Hellman, 72
Retired President
Nordson Corporation
Elected 2010 1, 4

Laurette T. Koellner, 67
Retired President
Boeing International
Elected 2015 2, 5, 6

Richard J. Kramer, 58
Chairman of the Board, Chief Executive Officer and President
The Goodyear Tire & Rubber Company
Elected 2010 6

Karla R. Lewis, 56
President
Reliance Steel & Aluminum Company
Elected 2021 4, 5, 6

Prashanth Mahendra-Rajah, 52
Senior Vice President, Finance and Chief Financial Officer
Analog Devices, Inc.
Elected 2021 1,3

W. Alan McCollough, 72
Retired Chairman and Chief Executive Officer
Circuit City Stores, Inc.
Elected 2007 2, 5

John E. McGlade, 68
Retired Chairman, President and Chief Executive Officer
Air Products and Chemicals, Inc.
Elected 2012 1, 5, 6

Roderick A. Palmore, 70
Retired Executive Vice President, General Counsel, Chief Compliance and Risk Management Officer and Secretary
General Mills, Inc.
Elected 2012 1, 3, 6

Hera Kitwan Siu, 62
Retired Chief Executive Officer, Greater China, Cisco Systems, Inc.
Elected 2019 3, 4

Stephanie A. Streeter, 64
Retired Chief Executive Officer
Libbey Inc.
Elected 2008 2, 4

Michael R. Wessel, 62
President
The Wessel Group Inc.
Elected 2005 3

Thomas L. Williams, 63
Chairman and Chief Executive Officer
Parker-Hannifin Corporation
Elected 2019 4, 5, 6

1 Audit Committee 2 Compensation Committee
3 Committee on Corporate Responsibility and Compliance
4 Finance Committee 5 Governance Committee
6 Executive Committee

CORPORATE OFFICERS

Richard J. Kramer, 58*
Chairman of the Board, Chief Executive Officer and President
22 years of service, officer since 2000

Darren R. Wells, 56
Executive Vice President and Chief Financial Officer
17 years of service, officer since 2018

Laura P. Duda, 52
Senior Vice President and Chief Communications Officer
Six years of service, officer since 2019

Christopher P. Helsel, 56
Senior Vice President, Global Operations and Chief Technology Officer
25 years of service, officer since 2018

David E. Phillips, 46
Senior Vice President and General Counsel
10 years of service, officer since 2019

Gary S. VanderLind, 59
Senior Vice President and Chief Human Resources Officer
36 years of service, officer since 2019

Evan M. Scocos, 51
Vice President and Controller
17 years of service, officer since 2016

Daniel T. Young, 54
Secretary and Associate General Counsel
14 years of service, officer since 2016

Christina L. Zamarro, 50
Vice President, Finance and Treasurer
14 years of service, officer since 2020

BUSINESS UNIT OFFICERS

Christopher R. Delaney, 60
President, Europe, Middle East and Africa
Six years of service, officer since 2016

Nathaniel Madarang, 51
President, Asia Pacific
13 years of service, officer since 2021

Stephen R. McClellan, 56
President, Americas
34 years of service, officer since 2008

Ryan G. Patterson, 48
Senior Vice President and Chief Operating and Integration Officer, Americas
19 years of service, officer since 2017

* Also a director

FACILITIES

AMERICAS

United States
Akron, Ohio .... Global Headquarters, Americas Headquarters, Innovation Center, Tire Proving Grounds, Airship Operations, Chemicals, Racing Tires, Tire Test Lab
Bayport, Texas .... Chemicals
Beaumont, Texas .... Synthetic Rubber
Carson, California .... Airship Operations
Clarksdale, Mississippi .... Bladders, Mixed Stock, Compounding
Danville, Virginia .... Aircraft Tires, Commercial Tires
Fayetteville, North Carolina ... Consumer Tires
Findlay, Ohio .... Consumer Tires, Technical Center, Tire Molds
Hebron, Ohio .... Development Center
Houston, Texas .... Synthetic Rubber
Kingman, Arizona ...... Aircraft Tire Retreading
Lawton, Oklahoma .... Consumer Tires
Niagara Falls, New York .... Chemicals
Pearsall, Texas .... Proving Grounds
Pompano Beach, Florida...Airship Operations
San Angelo, Texas..... Tire Proving Grounds
Social Circle, Georgia .... Tread Rubber
Statesville, North Carolina.......... Tire Molds
Stockbridge, Georgia.......... Aircraft Tire Retreading
San Francisco, California..... Innovation Lab
Texarkana, Arkansas .... Consumer Tires
Topeka, Kansas .... Commercial Tires, OTR Tires
Tupelo, Mississippi .... Consumer Tires

Brazil
Americana .... Tire Proving Grounds, Consumer Tires, Commercial Tires, OTR Tires
Santa Barbara .... Retread Materials, Aircraft Tire Retreading

Canada
Medicine Hat, Alberta..... Consumer Tires
Napanee, Ontario .... Consumer Tires
Valleyfield, Quebec .... Mixing Center

Chile
Santiago .... Consumer Tires

Colombia
Cali .... Commercial Tires, OTR Tires

Mexico
El Salto .... Consumer Tires
San Luis Potosi .... Consumer Tires

Peru
Lima .... Consumer Tires, Commercial Tires

EUROPE, MIDDLE EAST and AFRICA

Belgium
Brussels .... Europe, Middle East and Africa Headquarters

England
Melksham.......... Consumer Tires, Motorcycle Tires, Racing Tires, Technical Center

Finland
Ivalo (Saariselka)... Tire Proving Grounds

France
Amiens .... Consumer Tires
Mireval .... Tire Proving Grounds
Montlucon.......... Consumer Tires, Motorcycle Tires, Racing Tires
Riom.......... Retreading

Germany
Furstenwalde .... Consumer Tires
Fulda .... Consumer Tires
Hanau.......... Development Center, Consumer Tires, Tire Test Lab
Riesa .... Consumer Tires
Wittlich .... Tire Proving Grounds, Commercial Tires, Retreading

Luxembourg
Colmar-Berg .... Innovation Center, Tire Proving Grounds, Commercial Tires, Regional Calendering Center, OTR Tires, Tire Molds, Tire Test Lab
Dudelange .... Consumer Tires

Netherlands
Tilburg .... Aircraft Tire Retreading

Poland
Debica .... Consumer Tires, Commercial Tires

Serbia
Krusevac .... Consumer Tires

Slovenia
Kranj .... Consumer Tires, Commercial Tires

South Africa
Kariega .... Consumer Tires, OTR Tires

Turkey
Adapazari .... Consumer Tires
Izmit .... Commercial Tires

ASIA PACIFIC

China
Kunshan... Consumer Tires, Tire Test Lab
Pulandian .... Development Center, Consumer Tires, Commercial Tires
Qingdao City .... Commercial Tires
Shanghai .... Asia Pacific Headquarters, Technical Center

India
Aurangabad.......... Consumer Tires
Ballabgarh.......... Commercial Tires, Agricultural Tires

Indonesia
Bogor ... Consumer Tires, Commercial Tires, Agricultural Tires, OTR Tires

Japan
Tatsuno .... OTR Tires

Malaysia
Kuala Lumpur.......... Consumer Tires, Commercial Tires, Agricultural Tires, OTR Tires

Singapore
Singapore .... Natural Rubber Purchasing

Thailand
Bangkok .. Consumer Tires, Aircraft Tires, Aircraft Tire Retreading, Test Fleet Center
Lampang.......... Test Fleet Center

SHAREHOLDER INFORMATION

CORPORATE OFFICES

The Goodyear Tire & Rubber Company
200 Innovation Way
Akron, Ohio 44316-0001
(330) 796-2121
www.goodyear.com

GOODYEAR COMMON STOCK

The principal market for Goodyear common stock is the Nasdaq Global Select Market (symbol GT).

On February 15, 2022, there were 12,335 shareholders of record of Goodyear common stock. The closing price of Goodyear common stock on the Nasdaq Global Select Market on February 15, 2022, was $16.70.

ANNUAL MEETING

4:30 p.m., Monday, April 11, 2022
Hilton Akron-Fairlawn
3180 W. Market Street
Akron, Ohio 44333

Please direct meeting inquiries to:
Office of the Secretary, Dept. 822
The Goodyear Tire & Rubber Company
200 Innovation Way
Akron, Ohio 44316-0001

SHAREHOLDER INQUIRIES

Transfer Agent and Registrar:
Computershare Trust Company, N.A.
P.O. Box 505000
Louisville, KY 40233-5000
(800) 317-4445
www.computershare.com

Inquiries concerning the issuance or transfer of stock certificates or share account information should be directed to Computershare. Provide Social Security number, account number and Goodyear's ID, GTR. Hearing-impaired shareholders can communicate directly with Computershare via a TDD by calling (800) 952-9245. Other shareholder inquiries should be directed to:

Investor Relations, Dept. 635
The Goodyear Tire & Rubber Company
200 Innovation Way
Akron, Ohio 44316-0001
(330) 796-3751
E-mail: goodyear.investor.relations@goodyear.com

FORM 10-K AND OTHER REPORTS

Paper copies of Goodyear's Annual Report on Form 10-K are available upon request. Quarterly reports on Form 10-Q are also available on request. Copies of any of the above or Goodyear's Proxy Statement may be obtained without charge from:

Investor Relations, Dept. 635
The Goodyear Tire & Rubber Company
200 Innovation Way
Akron, Ohio 44316-0001
(330) 796-3751

Copies of these reports may also be obtained from the company's Investor Website http://investor.goodyear.com.

Goodyear has included as Exhibits 31.1, 31.2 and 32.1 to its Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission, certificates of Goodyear's Chief Executive Officer and Chief Financial Officer with respect to the Form 10-K.

CD COPY

A CD copy of the 2021 Annual Report is available for visually impaired shareholders by contacting Goodyear Investor Relations at (330) 796-3751.

COMPUTERSHARE INVESTMENT PLAN

Computershare sponsors and administers a direct stock purchase and dividend reinvestment plan for current shareholders and new investors in Goodyear common stock. A brochure explaining the program may be obtained by contacting:
Computershare
c/o Shareholder Services
P.O. Box 505000
Louisville, KY 40233-5000
(800) 317-4445
www.computershare.com/investor

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
200 Public Square, 19th Floor
Cleveland, Ohio 44114-2301

OTHER INFORMATION

Persons seeking information about Goodyear's corporate responsibility initiatives can access the company's Corporate Responsibility Website at: www.goodyear.com/responsibility.

Persons seeking general information about Goodyear or its products can access the company's Corporate Website at: www.goodyear.com/corporate.

Media representatives seeking information about Goodyear or contact information for spokespersons can access the company's Media Website at: www.goodyearnewsroom.com.

WWW.GOODYEAR.COM